

AMERICAN SUPPLIERS: THE ROLE OF AMERICANS IN THE PERPETUATION
AND MAINTENANCE OF THE POSTWAR BLACK MARKET IN GERMANY

A Thesis

by

MICHEAL JOSEPH FASULO

Submitted to the Office of Graduate Studies of
Texas A&M University
in partial fulfillment of the requirements for the degree of

MASTER OF ARTS

December 2011

Major Subject: History

American Suppliers: The Role of Americans in the Perpetuation and Maintenance of the
Postwar Black Market in Germany

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ABSTRACT

American Suppliers: The Role of Americans in the Perpetuation and Maintenance of the
Postwar Black Market in Germany. (December 2011)

Micheal Joseph Fasulo, B.A., University of Maryland Baltimore County

Chair of Advisory Committee: Dr. Jason Parker

Americans are curiously absent from the literature as forces in the black market prevailing in Germany after World War II. Aside from Rundell's study of failed currency control policy during the Second World War and the subsequent occupations of Germany and Japan, historians have failed to accord the American presence on the black market its proper status. They receive mention in narrative fashion, authors noting that Americans could make money on the black market, or relating a story about what a soldier bought or sold there. Then, like bit players in a movie, Americans recede from view, and Germans and displaced persons resume their places in the lead.

This thesis has two objectives. Through support from the archival record, first, it demonstrates that Americans did in fact execute a specific function with respect to the maintenance and perpetuation of the black market—they were the market's suppliers. Second, by positing this role, this thesis attempts to correct a view of the black market as an essentially German experience, populated in the main by Germans and displaced persons. In so doing, I posit a schema of American illicit supply to Germans and displaced persons. This thesis argues that Americans operated as suppliers of illicit

goods to the indigenous population. This supply occurred in three ways: Americans selling on the black market; misappropriation of materiel (usually food); and theft of goods from American installations. Furthermore, each type of supply was predicated upon the fulfillment of a certain condition. Americans sold on the black market when they were certain they could make a profit. Americans misappropriated US government property (usually food) as a consequence of a relationship with a German or displaced person; in practice, because those with access to American goods were young men, the relationships were only with women, and always included some gradation of intimacy. Germans and displaced persons committed larceny from American installations to procure goods for the black market, which insured handsome profits.

ACKNOWLEDGEMENTS

Thanks are due to many people who assisted in the completion of this thesis. My committee members, Dr. Parker, Dr. Engel, and Dr. Castillo, graciously accepted and worked with a compressed deadline; Dr. Parker handled corrections and requests for advice with good humor and provided encouragement along the way. The fact that this thesis was completed in time is due in no small part to the prompt responses given by all my committee members through the writing process. Mom and Dad listened to my incessant concerns in the weeks prior to the defense, offering love, encouragement, and funds in exchange. Mark facilitated an impromptu late-night visit (in the pouring rain!) to the College Park library. The Mullins' family offered me a good meal every week, and Ms. Mullins helped put the thesis process in perspective. Agnes and Stanley provided distraction whether or not I wanted it.

Special thanks must be extended to Dr. Arnold Krammer. The germ of this thesis was a seminar paper in his History of Nazi Germany class. When I returned to this study in June, he heartily endorsed this decision and offered his assistance. He provided commentary and criticism for multiple iterations of this thesis over the summer, and offered constant encouragement in our discussions. This thesis would be but a shade of its current form without his support, suggestions, and advice.

Emily also deserves thanks through this process. She bore my stress-induced outpourings, and concomitant concerns, with good humor and much patience. I am not sure that she was aware that conversation over Skype would include discussions of

theses and supporting evidence, but she nevertheless offered unstinting encouragement and affection from across the Atlantic. The present format of the third chapter is very much the result of her incisive criticism.

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CHAPTER I

INTRODUCTION AND LITERATURE REVIEW

Laura Hilton writes that during the immediate postwar years “...many Germans saw illicit trade as an outside attempt to destabilize their war-torn society.” Despite this perception, in the societal upheaval subsequent to the end of the Second World War, Germans resorted to the black market, the illicit economy, to meet their material needs, attempting to cope with a licit economy that could provide neither basic household necessities nor food. The literature has presented the black market as a symbol of societal disorder, collapse, and deterioration in postwar Germany. Its existence provided a daily reminder to Germans that their society lacked law and order. Even as Germans decried the operation of the black markets in their midst, they found themselves buying and selling on these same markets simply to survive, and some Germans and foreign displaced persons living in Germany, leveraged the black market in pursuit of profit. Scholars have presented the postwar black market as an operation controlled, negotiated, and mediated by Germans and displaced persons.¹

Yet, notwithstanding the great number of Germans and displaced persons who had resort to the black market daily, chasing calories for survival, there is a kernel of truth in Hilton’s comment on the notion of an “outside” force. Petra Goedde has noted the importance of American rations and Post Exchange luxuries in the existence of the black market in occupied Germany. Occupation by American forces entailed food

This thesis follows the style of *The Chicago Manual of Style, Sixteenth Edition*.

¹ Laura Hilton, “The Black Market in History and Memory: German Perceptions of Victimhood from 1945-1948,” *German History* 28:4 (2010), 479.

rations, cigarettes, and an abundance of equipment necessary to the long-term maintenance of an army. The Americans brought abundance to a land beset by want. It is hardly a surprise that American cigarettes became a *de facto* currency, supplanting a worthless Reichsmark as a medium of choice for black market transactions. The rise of the American cigarette as the preferred currency for black market transactions is eloquent testimony to the presence of Americans, and proliferation of American goods, on the black market. Scholars acknowledge the presence of Americans in this illicit economy, but the GI and the American civilian are not accorded a role in the maintenance of the postwar black market.²

This thesis has two objectives. First, it demonstrates that Americans did in fact execute a specific function with respect to the maintenance and perpetuation of the black market—they were the market’s suppliers. Second, by positing this role, this thesis attempts to correct a view of the black market as an essentially German experience, populated in the main by Germans and displaced persons. In so doing, I posit a schema of American illicit supply to Germans and displaced persons. This thesis argues that Americans operated as suppliers of illicit goods to the indigenous population. This supply occurred in three ways: Americans selling on the black market; misappropriation of materiel (usually food); and theft of goods from American installations.

Furthermore, each type of supply was predicated upon the fulfillment of a certain condition. Americans sold on the black market when they were certain they could make a profit. Americans misappropriated US government property (usually food) as a

² Petra Goedde, *GIs and Germans: Culture, Gender, and Foreign Relations, 1945-1949* (New Haven: Yale University Press, 2003), 90-91.

consequence of a relationship with a German or displaced person; in practice, because those with access to American goods were young men, the relationships were only with women, and always included some gradation of intimacy. Germans and displaced persons committed larceny from American installations to procure goods for the black market, which insured handsome profits. This thesis is not an analysis of the dynamics of the postwar black market in Germany as an economic phenomenon; rather, it is a discussion of the circumstances in which individuals made a decision to resort to the conduct of illicit trading. With regard to the supply schema articulated in this study, the chapters on the black market and misappropriation are concerned with Americans, and that on larceny from American installations is concerned with Germans and displaced persons.

One of the first historical studies engaging the black market that obtained in postwar Europe, and especially in Germany, was Walter Rundell's 1964 study of the American Army's efforts in currency control policy. Rundell examined the development and implementation of policy rather than the organization and development of the black market in Europe. He demonstrates that effective postwar control policy was a pipedream well before the end of the war, and that conditions on the ground following the cessation of hostilities exacerbated black-market currency exchange. Rundell argues that the blame for rampant speculation in currency exchange lay squarely with the Army. In Europe, during the war, the Army did not regulate currency transmission, instead attacking exchange violations piecemeal. Controlling transmission, whether by limiting remittance amounts for money orders or instituting an approved nonconvertible

currency, would have abated black market activity. Furthermore, Rundell writes, the civil affairs branch of the military prevented armies from prohibiting the use of indigenous currencies, “fearing a disparity between the value of reichsmarks and Allied military marks.” Thus, the Army was forced to accept illegally-acquired currency, but could not “protect itself” from disbursement of excess funds.³

Ultimately, the Allied Control Council decided to use an identical currency, leading to a glut of Allied mark currency from Russian troops in Germany; since “Army finance officers had to convert all types of marks into dollar credits, any attempt at currency control became futile.” In postwar Germany, Rundell argues that the resistance of higher echelons to currency restriction made a bad situation worse. General Dwight Eisenhower militated against currency restriction for the sake of his soldiers, arguing that currency exchanges favorable to local currencies, especially in friendly countries, diminished the purchasing value of the dollar. A currency card required only that a soldier justify the reason for any excess funds, and commanding officers, Rundell argues, were lax in approval standards. In attempting to control the black market, rather than attempt actual currency regulation, the Army facilitated black market activity among its personnel. Only with the introduction of military scrip in September 1946, argues Rundell, was currency control successful.⁴

In 1975, Earl Ziemke published what remains the definitive study of the U.S. Army in the postwar occupation of Germany. While it is, primarily, a narrative history,

³ Walter Rundell, *Black-Market Money: the Collapse of U.S. Military Currency Control in World War II* (Baton Rouge: Louisiana University Press, 1964), 7, 27, 30-36, 39-40, 51-53, 80, 87, 90-91.

⁴ *Ibid*, 7, 27, 30-36, 39-40, 51-53, 80, 87, 90-91.

it is the best distillation of the contents of Record Group 260, the records of the American Occupation, that has ever been attempted. Ziemke's was the first work of American military history of the end of the European war to prize the experience of occupation over combat operations. Policy crafting and implementation are the central subjects of his work. Ziemke discusses the development of European Civil Affairs Division units, and the creation of a military government school at the University of Virginia. Concomitant with these steps was the publishing of a manual for military government. Once entry into Germany was imminent, these units were attached to combat teams and subsequently established local government within the compass of the combat unit's operations. After the war, a proper military government for the American Zone was established, the Office of Military Government, United States (OMGUS). There was tension between the local authority exercised by the tactical combat military government detachments and the pronouncements emanating from OMGUS. Ziemke ends his account in June 1946 because the occupation, while still buttressed by the military, transferred from the Army to a civilian-staffed OMGUS.⁵

On balance, Ziemke considers the Army's role in the occupation a success. While denazification proved to be an ill-conceived policy, Ziemke credits ECAD units and OMGUS with the creation of a viable democracy. The Army achieved this by establishing a range of Nazi party alternatives and quickly holding elections, so that Germans held effective local rule by 1946. The American occupation was as well-executed as could be expected; the Germans reassumed control of local and state

⁵ Earl F. Ziemke, *The U.S. Army in the Occupation of Germany, 1944-1946* (Washington, D.C.: Center of Military History, United States Army, 1975).

government, saw their art and historical treasures protected, and received the help of OMGUS civil affairs teams in maintaining law and order and public health. Ziemke asserts that this was the best possible outcome for a defeated enemy. As a source, it is an invaluable primer on the American occupation experience, though it includes only a cursory discussion of the black market, in references to currency control and an extended discussion of food shortages.

Given the ubiquity of the black market as a part of postwar life, despite the role of the Americans in supplying and perpetuating the illicit economy, the black market is generally conceptualized in the literature as a construct and experience of Germans and displaced persons. Manfred Enssle, in his study of food scarcity in postwar Stuttgart, argues that the struggle of food scarcity “dominated everyday life until the aftermath of the currency reform in the fall of 1948.” To overcome privation, Stuttgarters developed multiple strategies for survival amidst scarcity, and this experience led to the cultivation of values and skills necessary for the revival of the German economy. Surveying the black market in the Soviet sector of postwar Berlin, Joerg Roesler contends that the attempts of the Socialist Unity Party to control the black market through punitive measures, such as raids and special courts, failed as Berliners resorted to the black market in response to postwar shortages. Only the introduction of “free trade” shops in 1948, selling high quality, formerly-rationed goods at below-black market prices, ended the grip of the illicit economy in East Berlin. As prices fell in these shops from 1948 through 1951, workers had access to cheap goods without the twofold risk of legal sanctions and shoddy merchandise. Enssle and Roesler developed the idea within the

historiography of the centrality of food shortages in perpetuating the postwar black market, and began to elaborate some of the ways Germans assumed agency in controlling their existence despite the strictures of ration and price controls.⁶

Petra Goedde's 2003 study of the occupation attempts to answer how Germany transformed itself so completely, in so short a time, from implacable enemy to strong ally of the United States. Previous studies have answered with recourse to political and economic factors. Goedde's work is groundbreaking in that it approaches the question from a socio-cultural perspective, giving agency to individuals. Goedde argues for an expanded definition of foreign relations to include not only the negotiations of politicians and diplomats, but also the informal interactions between American GIs and German civilians. Historians have considered the German-American rapprochement a result, writes Goedde, "of political expediency."⁷

Goedde's work joins the history of the cultural and social interactions of Americans and Germans to the history of the American occupation as a geopolitical project. Americans encountered a defeated, weak Germany, devoid of men. Furthermore, the Germans with whom American men wanted to interact were women. These two circumstances led to the construction of a feminized and infantilized Germany, creating a stark contrast between Germany's gentle and pacific postwar demeanor and its masculine, aggressive, bellicose recent past. Women accepted this arrangement because it did not threaten their traditional status in society, while men felt

⁶ Manfred J. Enssle, "The Harsh Discipline of Food Scarcity in Postwar Stuttgart, 1945-1948," *German Studies Review* 10:3 (October, 1987), 481-502; Jorg Roesler, "The Black Market in Post-war Berlin and the Methods Used to Counteract It," *German History* 7:1 (1989), 92-107.

⁷ Goedde, xiii-xxii.

threatened by the American usurpation of their traditional positions of authority. The selling of democracy, especially to German youth, through sports, music, and the establishment of a German youth program, also permitted American men to be role models, which German women embraced. The common cultural bonds between Americans and Germans served both to cement feelings of amity and create a cultural and emotional gulf between displaced persons and American forces. Ultimately, German men accepted this feminization as the only viable route to international respect, and a German perception of victimhood arose, which Americans also adopted, drawing the two peoples ever closer. The Americans came to perceive themselves as protectors of Germany, a notion that reached its apotheosis with the Berlin Airlift. In this way, argues Goedde, German-American conciliation was a cause of the Cold War, rather than a consequence.⁸ .

In 2004, Stephen Fritz published a study of the final months of the Third Reich, and the disorder and societal upheaval that rose in its wake. Fritz argues that National Socialist ideology created a society that whose members saw their death and defeat as an ultimate expression of loyalty to the state, engendering a wellspring of resistance which allowed the Nazis to control Germans even as Americans and Russians were moving through Germany. In the ensuing upheaval of occupation, Germans became reconciled to the occupation not through the policy directives of OMGS, but through their interactions and relationships with GIs and displaced persons. As the threat of guerrilla warfare receded, and German men accepted fraternization, both Americans and Germans

⁸ Goedde, xiii-xxii, 39-41, 126, 147-165, 195-198, 200-208.

discovered they had much in common, and the two groups arrayed themselves against displaced persons. The bedraggled and filthy displaced persons, crowded in DP camps, observing Germans accorded benign treatment and freedom, lashed out against Americans and Germans through numerous small acts of violence and camp riots.⁹

According to Fritz, the black market became, to both Germans and American military government personnel, a foreign, displaced person problem; raids of camps, known to be loci of black market trade, reinforced the idea that displaced persons had brought the black market to Germany. The fact that the camps provided bases for trading in the open, and were discrete locations easily accessible to American “search and seizure” operations, created the impression that displaced persons, often Poles, constituted the root of the black market menace and a majority of its operators. Fritz asserts that with all this trouble, Americans “emotionally distanced” themselves from the communities of displaced persons, and found a welcome respite in the efficiency, cleanliness, and cooperation of the Germans.¹⁰

Also in 2004, Malte Zierenberg published a study of the evolution and conduct of wartime black marketeering in Berlin. Zierenberg argues that this black market grew out of meat rationing in 1941 and the Allied bombing offensive of 1943, which resulted in food shortages that forced Germans to “organize” for “their own consumption.” Experience with inflation and destabilization after the First World War taught German authorities the importance of insuring that buying and selling occur lawfully, and on the

⁹ Stephen G. Fritz, *Endkampf: Soldiers, Civilians, and the Death of the Third Reich* (Lexington, KY: University of Kentucky Press, 2004), xii-xiv, 222-255, 272-273

¹⁰ Ibid, 222-255, 272-273.

official economy; as a consequence, the Third Reich implemented price and ration controls that incurred more shortage and left more Germans with recourse to the black market. Zierenberg argues further that the black market provided visible evidence of disorder, collapse, and defeat; this led to angry reactions to public black marketeering and the search for a scapegoat. In the absence of a Jewish population, Germans fixed upon foreigners in the discourse of the wartime black market. Foreigners were criminals, charging exorbitant prices on the black market while “honest” Germans went to work; police blotters were filled with complaints about foreigners engaged in illicit bartering and price inflation in the sale of rationed goods. Hence, a corresponding morality emerged: German operation on the black market was a matter of survival, but foreign operation was exploitative and criminal; Germans were victims of the aggrandizing Poles and Czechs.¹¹

Elaborating upon the groundwork laid by Enssle and Roesler, Paul Steege’s 2007 study of postwar Berlin is an examination of everyday life in the defeated city. Steege imbues Berliners—indeed, postwar Germans—with an agency not previously accorded to them; crushed by defeat, eking out marginal existences on the ration card, gouged by *schieberei* on the black market, their movement and their rights controlled by occupying powers, Steege argues that they still managed to take charge of their own survival amidst the chaos. Steege’s work is a counterpoint to the idea that the Cold War was “imposed” from above, and that it ought best be told from the perspective of American and Soviet

¹¹Malte Zierenberg, “The Trading City: Black Markets in Berlin during World War II,” in *Endangered Cities: Military Power and Urban Societies in the Era of the World Wars*, Marcus Funck and Roger Chickering, eds. Studies in central European Histories, Volume 33 (Boston: Brill Academic Publishers, 2004), 145-158.

policies, weapons, and struggles in the international system. Steege disputes the notion that Berliners were passive, mere pawns in a contest of superpowers; Berliners dealt the Soviets a very public blow in defeating the Socialist Unity Party in 1946, they organized a railroad strike and undermined Soviet authority during the blockade of 1948, and they bartered and bought, both to live and to prosper, on the black market when the quadripartite authority in Berlin failed to meet basic needs while arrogating to itself the right to determine the future of the city and its inhabitants.¹²

Steege argues that in negotiating survival strategies, “informed” Berliners faced “individual choices” “in an effort to cope with the scarcity they faced.” In reasserting Berliners’ agency, Steege’s work demonstrates how they “participated in shaping the very places within which they negotiated their economic and material survival, including those that remained technically illegal.” Berliners realized their agency in deciding to operate on (or avoid) the black market, to buy or sell goods, to forage, or to survive on the ration card—even to stay in bed to conserve energy constituted an affirmative decision vis-à-vis a family’s survival amid scarcity. The black market that Steege constructs is a location maintained and controlled by Germans, a location (or locations) where Germans negotiated the terms of their survival notwithstanding the proclamations of General Clay or the ukases of General Sokolovskii.¹³

In 2007, Atina Grossman published *Jews, Germans, and Allies*, a study of the experience of Jewish displaced persons in postwar, occupied Germany. Grossman

¹² Paul Steege, *Black Market, Cold War: Everyday Life in Berlin, 1946-1949* (Cambridge: Cambridge University Press, 2007), 3-7, 51-52, see ch 1.

¹³ Ibid, 51-52, see ch. 1.

locates her study in the American zone, specifically the American sector in Berlin and the DP camps in Bavaria, because the American zone received the largest influx of Jewish survivors at war's end. Grossman uses the locale of Berlin to examine German perceptions of victimhood in the wake of the war, whether as victims of Allied bombing, postwar privation, the dictates of OMGUS, or unscrupulous foreigners working the black market. Grossman highlights German unwillingness to acknowledge how this sense of victimhood was achieved, that is, how the conditions they were bemoaning came to be. They almost refused to be "remorseful about their own agency or responsibility." Americans who boosted Germany's will to survive inculcated in the Germans a "mood of self-pity," victims not only of the privations and depredations afforded the defeated, but also of the Nazi party, with Hitler's rhetoric and the party-driven contrivance of mass spectacle.¹⁴

Grossman sees Americans as a mediating force between Jews and Germans, and this study's focus is the competing claims of victimhood put forth by Jewish displaced persons and Germans. Americans favored those in the DP camps, who received access to American goods and a higher daily calorie allotment than the German population; this, of course, made them prime sites for black market activity—a black market to which Germans had resort. Germans resented the special treatment accorded the Jewish displaced persons, reiterating the German perception of victimization; they also blamed the displaced persons for the rampant black market. The displaced persons, having survived the Holocaust, resented German claims of hardship tantamount to the

¹⁴ Atina Grossman, *Jews, Germans, and Allies: Close Encounters in Occupied Germany* (Princeton: Princeton University Press, 2007), 8-12, 37-46, 221-235, 238-268.

experience of blatant anti-Semitism, forced relocation, and calculated genocide.

Grossman demonstrates that both groups participated on the black market and contrived mutually beneficial working relationships in the course of their transactions.¹⁵

Laura Hilton examines the black market as a locus for German perceptions of victimization during the postwar period. Echoing Zierenberg's assertion, Hilton contends that the black market constituted a very visible sign of disorder in postwar Germany. Germans could not escape the disorder evinced by ubiquitous black market activity, so they attempted to rationalize it by creating categories of acceptable and unacceptable behavior. A sense of shared German victimhood was not the result of the war, but rather, the privations and dislocations of the first postwar years. In 1948, currency reform, the consequent end of the black market as a central economic force, and the mass exodus of displaced persons (especially Jews), reinforced the notion that the displaced person bore responsibility for the black market.¹⁶

Both American military government and the German public came to view DP camps and their inhabitants as propagators of black marketeering. This served to reinforce German perceptions of victimhood played out on the black market. However, Germans participated in far greater numbers than either displaced persons or the American occupation forces, mostly for food and other subsistence goods. The illegal bartering, foraging, and small-time buying and selling of the German was seen as moral and necessary given the dire circumstances of existence, but Germans refused to accord a similar consideration for the displaced persons, or countenance why they were in

¹⁵ Ibid, 8-12, 37-46, 221-235, 238-268.

¹⁶ Hilton, 479-497.

Germany in the first place. Hilton asserts that this allowed Germans to maintain their notion of shared victimhood—they were at the mercy of unscrupulous displaced persons and profit-hungry Americans. There was a patent inconsistency with respect to the existence of ubiquitous black market activity in the German population and the German public’s perception and memory of the black market in the postwar years.¹⁷

The historiography, as a rule, contends that the black market was a German experience, if only because it has heavily favored examinations of the ways in which Germans dealt with defeat and lived through a period of great societal upheaval. There is a prominent but somewhat ancillary role for displaced persons. Germans and displaced persons negotiated daily the terms of participation on this market, mediating with each other for their survival or a chance for small luxuries, or in the case of the *schieberei*, the accumulation of wealth. Steege writes that “Whether in the ration office, the grocery store, or the black market, Berliners challenged, worked, and subverted the “system” that presumed to control their daily lives.” Berliners crafted strategies of survival, decided what constituted a morally justifiable level of involvement with the black market, and did not simply respond to their straitened circumstances—they found ways to mitigate them. Germans created the market, Germans used the market as they saw fit, and Germans changed the market to fit the exigencies of individual circumstance. As early as 1985, Douglas Botting referred tellingly to “the German black market,” emphasizing the importance of who used and operated the market, instead of using the phrase “the black market in Germany,” which would emphasize the geographic

¹⁷ Ibid, 479-497.

extent and location of the market. The postwar black market was a German phenomenon.¹⁸

Americans are curiously absent from the literature as forces in the black market. Aside from Rundell's study of failed currency control policy during the Second World War and the subsequent occupations of Germany and Japan, historians have failed to accord the American presence on the black market its proper status. They receive mention in narrative fashion, authors noting that Americans could make money on the black market, or relating a story about what a soldier bought or sold there. Then, like bit players in a movie, Americans recede from view, and Germans and displaced persons resume their places in the lead. To Fritz, Americans were notable for their attempts to quash the black market. Grossman sees the Americans as intermediaries between Germans and displaced persons. Hilton makes a passing comment that Americans were consistent players in the black market, and then discusses the attempts of the military government to control black marketeering. The idea of the "bit player" is useful in explaining why the literature does not accord Americans a systematic role in the functioning of the black market, and in the context of the third chapter, how and why stealing constituted a type of American illicit supply. This thesis, then, is also an attempt to give Americans a space on the black market. As early as 1975, Earl Ziemke recognized the correlation between the imposition of an American occupation and the proliferation of foodstuffs on the black market. Chapter one uses the experience of American merchant seamen in Bremerhaven to argue that black marketeering as a form

¹⁸ Steege, 61; Douglas Botting, *From the Ruins of the Reich: Germany, 1945-1949* (New York: Crown, 1985), 245.

of illicit supply was predicated upon the ability to make a profit. Chapter two demonstrates that misappropriation as a form of illicit supply can best be understood in the context of food scarcity and fraternization between American men and German women. Chapter three demonstrates that larceny from American installations as a form of illicit supply was contingent upon the potential value stolen goods maintained on the black market. The argument set forth in this thesis articulates a systemic function for American GIs and civilians in the operation and regulation of the postwar illicit economy that obtained in Germany. With respect to the historiographical conclusion that Germans constructed a shared sense of victimhood, this thesis suggests that, insofar as this victimhood implicated Americans on the black market, the victimizers were unwitting and the victimization was inevitable.¹⁹

¹⁹ For treatments of this kind: David Stafford, *Endgame, 1945: the Missing Final Chapter of World War II*, (New York: Little, Brown, and Company, 2007), 450, 479-480; Ziemke, 336-337; Hilton, 486-487; Botting, 245; Fritz, 234. Ziemke, 349-350.

CHAPTER II

AMERICAN SUPPLIERS: BLACK MARKET

In the early morning hours of July 21, 1945, members of the United States Forces, European Theater (USFET) executed an aggressive 48-hour search and check operation, codenamed TALLY-HO. Within the American Zone of occupied Germany, hundreds of thousands of US soldiers searched German homes and businesses, swept through apartment buildings, and stopped Germans on foot and on bicycle. But TALLY-HO called for the search of American military personnel as well. American officers were asked to present papers in public, units participating in the operation searched enlisted men's barracks and mess halls. Soldiers checked equipment depots for missing materiel, contraband, and suspicious caches of goods fungible on the black market.²⁰

Planners at USFET Headquarters conceived TALLY-HO both as a security control measure, and as a means to establish an American presence within the newly-instituted zone of occupation. The total strength of the units participating in TALLY-HO is not given in the after action report, but it specifies that 163,590 GIs participated in the Seventh Army's sector alone. The objectives of TALLY-HO were threefold. First, the operation enabled a "meticulous check of credentials of all persons," both German civilians and Allied military personnel. Second, the search permitted the uncovering of prohibited articles and the "illegal possession of property of the United States government, and to insure suitable confiscation and disposition thereof." This objective

²⁰ Edwin Sibert, "Report of Operation TALLY-HO," 9/18/1945, USFET HQ. In NA, RG389 "Reports and Correspondence Relating to Activities of the Military Police Overseas, 1942-1947," ARC: 651744/MLR: A1-449. It is also filed as USFET SGS, 333.5.16 within War Department decimal filing system.

did not *per se* constitute a concern for the presence of a black market; rather it provided for the seizure of contraband threatening the security of the American Zone. The items uncovered during the search included ammunition, small arms, radio transmitters, grenades, and panzerfausts. In the months following the surrender of German forces, Allied forces feared a recrudescence of Nazi activity, besides confronting the anarchy and crime rampant in a defeated Germany. The contraband goods could be used to continue resistance activities vis-à-vis the Allied occupation, most notably in the form of the dreaded Werewolves, or could find their way to the roving groups of displaced persons (DPs) seeking food—and revenge—in the wake of the German collapse. Besides the pressing security concerns these articles presented, the contrabands were also fungible in black market transactions.²¹

The third objective of TALLY-HO was the detection of black market activity, and the prosecution of those civilians and Allied personnel found to be operating within it. Because the Reichsmark was worthless as currency, goods became the only fungible form of exchange, and barter replaced fixed prices paid in currency as the accepted means of exchange. The black market prevented stabilization of the German economy: it promoted inflation, devalued official currency to the point of worthlessness, prevented the transfer of value growth experienced in the black market to the licit economy, created incentives for theft and robbery, and encouraged the formation of *sub rosa* specialty markets engaged in crime—prostitution, arms trading, the selling of currency

²¹ Fritz, 203-207, 227-233 (233 specifically on TALLY-HO); Sibert, 1, 3-4; Ziemke, 318-319. For the Werewolf guerrilla movement, see Percy Biddiscombe, *Werewolf!: the History of the National Socialist Guerrilla Movement, 1944-1946* (Toronto: University of Toronto Press, 1998).

below market rates—along with the security risks presented by the appearance of gangs dedicated to black market operations. TALLY-HO was designed in part to snuff out the inchoate operations of the nascent black market rising amidst the chaos of postwar Germany.²²

TALLY-HO revealed that the black market in Germany was pervasive but inchoate. The operation discovered 24 German civilians operating on the black market. However, 3,495 civilians were in possession of contraband articles or United States property. Germans had taken possession of large quantities of gasoline, weapons, and rations. With regard to materiel actually destined for the black market, listed, *inter alia*, were “1200 new aeroplane tires,” “600 pounds of sugar and 5 tons of cheese found in a church in Passau,” “300 pairs of civilian shoes found at #9 Karnerstrasse, Bensheim, in the Seventh Army area,” and two German medical officers and two interpreters apprehended taking food from a hospital for sale to black market operators. Portions of the total seizure, including US property, prohibited goods, and goods destined for the black market, were held by GIs. The author of the after action report, Brigadier General Edwin Sibert, surmised that the evidence, taken as a whole, indicated the presence of “widespread but scattered black market operation throughout the United States zone.” In the conclusion, Sibert confounded his prior assessment: “The fact that no large-scale black market exists in the United States zone was established.”²³

²²Botting, 238-239, 303; Sibert, 1.

²³Sibert, 3-6. The operation discovered 3,495 civilians who were in possession of contraband articles or United States property. Units uncovered 2,747 small arms, 1,294 grenades, 2,212 gallons of United States gasoline, 1,361 canned rations, and 2,658 “miscellaneous items of clothing and other equipment.”

This chapter is an examination of the nature and operation of the postwar black market in Bremerhaven, Germany. The events recounted here took place in the summer of 1946, with a separate reference to an incident in late spring of 1946. This study of the Bremerhaven black market occurs within the framework of an Inspector General's investigation of alleged military police malfeasance and misfeasance at the Bremerhaven docks. The Bremerhaven allegations are presented chronologically, in order of the date of the offense or the bringing of charges. The crew of the SS Marine Perch lodged most of the accusations, and this was mainly an investigation of those complaints, but crew members of other ships that docked at Bremerhaven proffered further allegations, and these, and their resolutions, were included in the record. The record clearly demonstrates that the military police, as directed by the OPMG, were both following orders and exercising only that authority delegated to them. The complaints of the merchant seamen—excessive roughness, humiliating searches, abusive language, undue fines, and pilferage—were found to be baseless. This author concurs with the final assessment. That said, it is reasonable that an individual seaman might take offense that his apple was confiscated on the way into town; transcripts of interrogations of those involved with providing security on the docks and criminal investigation—members of the Counter Intelligence Corps of the US Army—in Bremerhaven sometimes reveal sympathy for the seamen. This consideration notwithstanding, the sum of these particular incidents renders a clear picture: the merchant seamen consistently operated in the black market, which undermined Allied control of the licit economy, promoted crime, and could retard German economic growth. The investigation belies the assertion

of Edwin Sibert that no large-scale black market existed in Germany. The Bremerhaven episode demonstrates both the growth of the black market from its admittedly “scattered” state in 1945, during TALLY-HO, and the place of the merchant seaman in supplying this shadow economy. In the end, this chapter demonstrates that the impetus for this form of American illicit supply of goods was predicated upon the ability and desire of the merchant seamen to make a profit; in the absence of profit, there would be no cigarettes, and a severely contracted economy, suffering from a lack of currency (in the form of cigarettes) would result.²⁴

Certainly, in the weeks and months immediately following the fall of the Nazi regime, there could be no large-scale organized black market. Eight million starved and angry DPs posed a severe security concern, German civilians and US troops alike engaged in looting, and people were more concerned with their own survival. During the summer of 1945, where six weeks before SS patrols were conducting sham courts and on-the-spot executions for traitorous behavior, now Germans faced the depredations of DPs and disease, and the looming spectre of starvation. Allied troops had not yet

²⁴ Within the historiography, the black market is addressed as a component of the chaos and societal disorder inhering in postwar Germany. At least in the English language historiography, the black market is not itself the subject of monograph-length treatment. Enssle and Roesler (1987 and 1989) have argued for the role of scarcity in the creation of the postwar black market in Germany. Goedde (2003) notes that the black market was dependent upon the willingness of American soldiers to provide PX luxuries and rations. Goedde argues for the creation of a sense of shared victimhood among Germans. Zierenberg (2004) posits that the black market was established during the Second World War, and that American maintenance of German ration and price controls exacerbated conditions conducive to the maintenance of illicit trading. Echoing Goedde, Zierenberg and Hilton (2010) argue that the black market was both the most visible sign of postwar societal collapse and reinforced German perceptions of victimhood vis-à-vis displaced persons and American occupation forces, who enriched themselves at the expense of Germans struggling to survive. Grossman (2007) posits that the black market proved mutually beneficial to both Germans and displaced persons, despite vehemently contested claims of victimhood partly predicated upon black market excesses. This chapter suggests that, insofar as such charges were leveled at Americans on the black market, the victimizers were unwitting and the victimization was inevitable.

settled into occupation duty. Even the black market required a modicum of societal stability to function as a coherent network and as an engine of economic growth. However, Sibert's ultimate contention that, in July of 1945, an extended black market did not exist in the American Zone of occupation rings false. Sugar, cheese, pistols, gasoline, and shoes surely had buyers, or else GIs and German civilians would not steal caches, or stockpile contraband in abandoned farms and warehouses.²⁵ Sibert could not know that black market growth would explode in the coming years of occupation. Indeed, in September 1945, black market proliferation into the reach and value of the licit economy was enough of a concern that General Dwight Eisenhower issued an outright ban on any troop participation in any form of the black market. The first article stated the rationale of the order "Troop Participation in the Black Market", AG 383 GEC-AGO,

1. This theater is faced with a serious and difficult black market problem which constitutes a distinct menace to the United States control of the German economy, is directly in conflict with the United States objective of maintaining law and order, promotes inflation and encourages theft and robbery.²⁶

²⁵Fritz, 223 (for DP estimate), ch. 5 for the impasse between civilians and the SS, chs. 7-8 for the breakdown in authority immediately following surrender; Giles MacDonogh, *After the Reich: from the Fall of Vienna to the Berlin Airlift* (London: John Murray, 2007), 74, 87-89; Stafford, 397. Stafford provides 12 million as the total number of DPs in Europe, Fritz's 8 million covers the Western zones of occupation.

²⁶ Brigadier General R.B. Lovett, AG 383 GEC-AGO "Troop Participation in the Black Market," 9/10/1945, USFET HQ, in Lt. Col. Arthur W. Smith "Report of Investigation: Alleged Malpractice of Military Personnel at Bremerhaven," from NA, RG389 "US Forces European Theater: Compilation of Source Material," ARC:824199/MLR: A1-449, Box 1175. All material relating to the investigation in Bremerhaven is in Box 1175. Further references to any document in this file will use "Box 1175" as shorthand for the full finding aids provided above. For repeated references of any document or documents

However, in one part of the American Zone, the black market was small—the Bremen Enclave. TALLY-HO totals for search and check in the enclave were: 52 of 2,747 small arms, 1 of 1,260 grenades, and 42 of 2,658 miscellaneous items. No German civilian in the enclave possessed US property. The Bremen Enclave counted for 47 of 3,008 German civilians in possession of contraband items. None of the items enumerated as bound for the black market was seized in the enclave. Three cities constituted the Bremen Enclave, so the “small” black market was proportional to the size of the enclave; however, the limited extent of territory under US control, and the limited incidences of possession of contraband and black market-bound goods, augured well for future efforts in suppressing the black market within the enclave. The enclave’s location on the North Sea made it a key locus for the import and export of goods, the entry of men and materiel for the occupation, and the transfer of the mails between the United States, Great Britain, and the Continent.²⁷

Unfortunately, the concern expressed in “Troop Participation in the Black Market” proved to be prescient. Bremerhaven quickly became a source of fodder for the black market, as goods flowed from the United States and Britain to occupied Germany, and American soldiers carried luxury items or private mail (flouting regulations prohibiting the same) from Germans out of Germany. Given the port’s status as an entry point for supplies, merchant seamen became enthusiastic participators in the black market operating from Bremerhaven. Merchant seamen were often in port for less than a

in Box 1175, the beginning words of the title, followed by an ellipsis, shall be placed in quotation marks; further information shall be provided as is deemed necessary.

²⁷Sibert, 3-4; Ziemke, 124-125. NOTE: Bremerhaven is often referred to as the “Seventeenth Major Port” in the documents of Box 1175.

week and traveled frequently to the United States and other European ports; they returned to the same ports frequently in the course of their travels. This enabled them access to American goods, luxury items, and curiosities purchased in other European destinations. Armed with dollars and easy access to Hershey's chocolate, fresh fruit, brassieres, and cigarettes, the merchant seaman was exquisitely well-positioned to exploit the black market in Germany.

Throughout the American Zone, military police enforced the prohibition on troop participation in the black market. As a branch of the Office of the Provost Marshal General (OPMG), military police enforced regulations on bases and provided law and order on the ground in occupied territories. This wide bailiwick even included provisions for traffic control in captured towns. They searched military personnel and civilians for contraband and US government property. MPs checked credentials, determining whether a given person should possess a ration card, or have access to the Post Exchange. The military police corps often had authority to establish summary courts to try soldiers charged with crimes. In the port city of Bremerhaven, military police furnished dock security, and enforced AG 383 and the sundry orders at lower levels emanating from it. At the docks, the military police and the merchant seamen worked at cross-purposes. The MP was charged with enforcing the black market-participation prohibition promulgated by USFET Headquarters, while it was decidedly in the interest of merchant seamen to carry luxury items and US dollars off the Bremerhaven docks and into town. Such confrontations were bound to cause frustration, resentment, and confusion for both parties. During the summer of 1946 in Bremerhaven,

this mélange of bad feelings precipitated allegations, from several merchant seamen, of mistreatment at the hands of the local military police corps.

The earliest recorded instance of alleged malpractice on the part of the military police at Bremerhaven is the case of one George Polden of the SS Bernard Carter. His file as a part of the Bremerhaven investigation is not complete, but there is enough available to show that it occurred during the spring of 1946. On May 22nd, 1946, the War Shipping Administration requested information from the OPMG concerning the treatment of members of the Merchant Marine, apparently prompted by an incident involving Polden, and the Provost Marshal sent for information from USFET. On August 15, 1946, Colonel Francis Howard of the OPMG's Military Police Division replied to the WSA that "present conditions warrant the necessity for searching officers and seamen of the Merchant Marine in connection with the control of black market activities." Apparently as early as the spring of 1946, control of the Bremerhaven black market had become a distinct problem.²⁸

The earliest recorded Bremerhaven military police complaint for which there is a complete record in the Inspector General's investigation is Gabriel Agos's allegations of malfeasance on July 29, 1946. On July 28th, Agos, a merchant seaman of the SS George Washington, attempted to bring ashore five packs of cigarettes and five candy bars. At the dock gates, Agos was stopped by an MP and searched, whereupon the MP escorted Agos to his headquarters and Agos signed "certain papers" and a single pack of

²⁸ "Bremerhaven Complaints," drafted in response to Senator Elbert Thomas's request for information, sometime after 10/29/1946, Box 1175; Col. Francis Howard, Reply to the War Shipping Administration, 8/15/1946, Box 1175.

cigarettes was returned to him. Agos appeared before the summary court the next day, and was fined fifty dollars “mind you this without a trial or explanation.” Agos wrote a letter of complaint to the Secretary of War, stating pointedly that

All I want to ask of you is, if this is the type of justice due to a Soldier of this last War, All I asked for was a fair hearing, which was denied to me, all I received was European Justice, that which I was told to enlist in the army and fight to exterminate, It appears from what I went through that we are traveling backwards not forward.²⁹

The record of the investigation and trial proceedings paints a different picture. It shows a regular process—search, charges, booking, court appearance, sentence and payment of fines—executed in a transparent manner. There is a receipt for a fine of fifty dollars, with a copy directed to Gabriel Agos. A charge sheet indicates that one Private William Foster searched the accused, and that the incriminating evidence included “5 pks. of cigarettes and 4 candy bars.” The specification sheet states that Agos “did attempt to smuggle 5 pks of cigarettes and 4 candy bars from the 17th Port area [Bremerhaven], contrary to the 17th Major Port regulations. AG250.2(P1) dtd 1st July 1946.” The letter which Agos wrote to Secretary of War Robert Patterson initiated an investigation, with the OPMG requesting information from the Continental Base Command, which in turn requested information from USFET HQ. USFET HQ

²⁹ Gabriel Agos, Letter to the Office of the Secretary of War, 9/20/1946, Box 1175.

requested that the Bremerhaven Adjutant General's Office investigate the substance of Agos's allegations and pronounce on the validity of his trial.³⁰

Agos admitted in his letter both that he was aware of the existing regulations and that he had violated them. He wrote

...under the existing law, I was permitted to take with me two packages of unopened cigarettes and one package of opened cigarettes, I had with me on my person four packages of unopened and one opened package of cigarettes, I also had 5 bars of chocolate, under the law I am permitted two bars of same...³¹

The AG Office in Bremerhaven seized on this declaration. The report pointed out that his statement "constitutes an admission on his part that he was aware of the regulations and that he deliberately violated same." Given that he had been advised of his rights and had indicated that he was aware he was in violation of the standing regulation, Agos's assertion of an unfair trial was "unjustified." Lieutenant Colonel F.W. Marshall, writing for the AG Department, noted "In the past, Merchant Seamen have used PX commodities extensively to participate in black market operations while ashore." The limit on the number of items a seaman could carry on his person was intended "to curb black market operations." The documentary record indicates that Agos's trial was valid and that a *bona fide* investigation occurred. Agos knew of the order prohibiting troop operations in the black market, and he chose to take ashore cigarettes and candy bars far

³⁰ Receipt for fine assessed to Gabriel Agos, signed by 1st Lt. William Waterhouse, Chief of Military Police for 382nd MP Bn, 7/29/1946, Box 1175; Charge Sheet for Gabriel Agos, signed by 1st Lt. William Waterhouse, CMP 382nd MP Bn, 7/29/1946, Box 1175; Agos, "Letter to..."; Col. Francis Howard, OPMG, "Alleged Trial without Hearing," 9/27/1946, Box 1175.

³¹ Agos, "Letter to...".

in excess of what a person might reasonably be expected to smoke and eat for a short stay. While Agos may not have intended to sell his cigarettes and chocolate beyond the dock gates, experience would dictate that the military police ought to be suspicious of his motives.³²

The SS Marine Perch was a familiar sight at the Bremerhaven docks. It had made frequent stops at the port throughout 1946. One such call at Bremerhaven occurred between August 20 and August 30 of 1946. The Counter Intelligence Corps was required to board each ship and provide masters of ship with both a Summary Court Bulletin and Military Orders for merchant seamen; the CIC also furnished to merchant seamen passes for leave in Bremerhaven. During its August stay, the SS Marine Perch offloaded 5 American civilians and 57 DPs “in transit”, and took on for its next trip 942 displaced persons. CIC agents issued 219 leave passes. While in port, six members of the Marine Perch’s crew were charged, tried, and fined by the summary court established by the military police unit operating in Bremerhaven, the 382nd Military Police Battalion Company “D”, for various minor offenses. Most violations were connected with black market prohibitions: Cigaro Garcia attempted to take off the Bremerhaven docks three packs of cigarettes beyond the allowed amount, Ho Yin four packs, and Pasqualino D’Angelo eight packs. A particularly enterprising seaman, Eddie Lede, attempted to sneak into Bremerhaven with “2 pks cigarettes, 2 candy bars, 3 cigars, and one brassier [*sic*] out of the dock area.”³³

³² Lt. Col. F. W. Marshall, AGD, Untitled, reply to request for information from Continental Base Section, U.S. Army, Attn. Provost Marshal, 11/6/1946, Box 1175.

³³ Interview of Assistant Port Security Officer 1st Lt. Jose Nine, Jr. and Lt. Col. Arthur Smith of the Inspector General’s Department, 10/26/1946, 11, Box 1175; “Port CIC Ship Report,” for SS MARINE

The crew felt sufficiently aggrieved to do more than grumble about its fines and treatment at the hands of the military police, and on August 26, 1946, sent a letter to the president of the National Maritime Union of Cooks and Stewards, enumerating its grievances with the 382nd Military Police Battalion; the Maritime Committee of the Congress of Industrial Organizations forwarded this letter to the Secretary of War. The letter alleged the following. First, crew members could carry ashore neither American currency nor more than two packs of cigarettes. Second, crew members were subject “to most unceremonious and most humiliating searches as if they were criminals” when passing through the dock gates into the city. Third, military police confiscated dollars on their possession whenever they were discovered in the course of a search; the complaint intimated that the fine for this breach of regulations was as much as a crew member had on his person. The next complaint alleged that beyond an onerous limit on cigarette packs, any packs above the two allowed were subject to confiscation. The crew members believed that the confiscated articles were supposed to go to the Red Cross, but they doubted that this occurred, “as their exchange in Germany is too high,” thus intimating that the military police were participating in the Bremerhaven black market as well.

The crew next alleged that when MPs would find cigarette packs in excess of the permitted number, the summary court assigned “unreasonably high fines” for this violation; Ho Yin and Cigaro Garcia each received a \$50 fine for three excess packs and

PERCH, 8/20/1946, Box 1175; Extract of “Information for Ships Visiting Ports of the Bremen Enclave”, issued by Commanding Officer, U.S. Naval Advanced Base, Weser River, 5/10/1946, Box 1175 ; list of offenses and fines accrued by crew members of the SS Marine Perch, Box 1175. All interviews were performed by Arthur Smith for the Inspector General’s Department of the US Army. Further citations from any interview will use “AS” as shorthand for the full identifier above.

Pasqualino D'Angelo received a \$75 fine for four excess packs. The final complaints reiterated a concern with searches on the streets of Bremerhaven, particularly in the presence of females, charged that merchant seamen were fined for abusive language when the military police could swear at crew members with impunity, bemoaned a lack of transportation to the larger port city of Bremen, and alleged that merchant seamen alone were denied the privilege of frequenting the United States Army Post Exchange when all other Allied personnel could buy there.³⁴

There was no established scale of fines for the type and amount of contraband brought ashore, but the fines levied for the offenses committed by Yin, Garcia, and D'Angelo indicate at least a modicum of moderation in assessing these fines. The MPs only confiscated cigarette packs in excess of the two permitted, so that, *in toto*, Yin was carrying five packs, Garcia six packs, and D'Angelo ten packs; Yin and Garcia received a fine for only three packs and D'Angelo received a fine for *four* packs, well below the eight illicit packs. Moreover, this allegation indicates that the crew of the Marine Perch was aware both of the existence of the black market and the value of the cigarette within this illicit economy. It suggests, but does not prove, that crew members used extra packs for the purchase of luxury items in Bremerhaven.

Concurrent with the writing of the letter endorsed by the entire crew, a few merchant seamen took it upon themselves to petition Congress for a redress of grievances. Joseph Costanzo, Nicolaus Boosh, and two anonymous seamen contacted

³⁴ From "crew members of all departments," Letter to the president of the National Maritime Union of Cooks and Stewards, 8/26/1946, Box 1175; list of offenses and fines accrued by crew members of the SS Marine Perch, Box 1175.

their respective US senators. Only Joseph Costanzo affirmatively identified himself as a crew member of the SS Marine Perch, but the dates on each letter, the fact that these letters were written coevally with the letter endorsed by the crew of the Marine Perch, the use of the same form in all letters except for Costanzo's, and references to mistreatment at the hands of the Bremerhaven military police in each letter strongly suggest that other merchant seamen on the Marine Perch wrote these missives. To Senator H. Alexander Smith of New Jersey, Costanzo wrote, with reference to the 382nd Military Police Battalion of Bremerhaven, "The 'shake down' of Merchant Seamen both physically and financially in this port is deplorable and is in need of your immediate investigation." Senator Homer Capehart of Indiana received the two letters from the anonymous crew members; in the letters, dated August 28th and 29th respectively, the seamen remonstrated

As a seaman who has been in the Merchant Marine Service for the past year, I wish to protest against the humiliation and the indignities that we suffer at the hands of the military police in the port of Bremerhaven, Germany. The unjust fines we have paid and the manner in which they are levied upon us is a disgrace to the American Nation as a whole, and are in urgent need of your immediate investigation.³⁵

Senator Capehart wrote to the Chief of Staff at the War Department that, "I trust it will be your pleasure to direct an investigation of these charges and to take such action as

³⁵ Anonymous letters regarding situation in Bremerhaven, 8/28/1946 and 8/29/1946, Box 1175.

may be necessary to correct any existing conditions which may be improper.” Nicolaus Boosh used the same form in his undated letter to Senator James Huffman of Ohio.³⁶

Letters from Senators tend to receive timely attention from Executive departments, and the Office of the Provost Marshal General was lively in responding to the senatorial requests for information. Deputy Provost Marshal Colonel A.B. Johnson sent off replies to Senators Huffman and Smith on September 10, 1946. In his reply to Smith, Johnson again raised the issue of the black market existing in occupied Germany.

An investigation conducted at that port during July disclosed considerable evidence indicating that officers and seamen of the Merchant Marine have contributed greatly to the black market by carrying quantities of post exchange supplies and rations from the dock area. Accordingly, instructions were issued by the Port Commander, requiring gate guards to search all Merchant Marine personnel for excessive amounts of Army property. Due to existing conditions, this search of personnel is considered necessary by the Port Authorities in order to assist in the control of black market activities in the European Theater.³⁷

Johnson’s reply to Huffman regarding Boosh, who had used the form letter, stressed the willingness of the OPMG to investigate and correct the exorbitant fines that Boosh alleged merchant seamen were forced to pay, but needed more definite information from Boosh before it could proceed further. Capehart sent his inquiry to the War Department

³⁶ Joseph Costanzo, Letter to H. Alexander Smith, 8/29/1946, Box 1175; Senator Homer Capehart, Letter to Chief of Staff at War Department, with the two anonymous letters of 8/28/1946 and 8/29/1946 as enclosures, 9/5/1946, Box 1175; Nicolaus Boosh, Letter to James Huffman, undated, Box 1175.

³⁷ Col. A.B. Johnson, CMP, Deputy The Provost Marshal General, Letter replying to Senator H. Alexander Smith, 9/10/1946, Box 1175.

rather than to the Office of the Provost Marshal General, and the Secretary of War ordered a reply from the Commanding General of the European Theater of Operations, United States Army. General Dwight Eisenhower thanked Capehart for the anonymous letters, and forwarded the matter for consideration to General Joseph McNarney, then Military Governor of Occupied Germany, who himself replaced Eisenhower when the latter assumed command of USFET in November of 1945. By mid-September of 1946, the Provost Marshal General's Office was fielding requests in multiple incidents for further information and remedial action from the Secretary of War, the premier American general of the Second World War, three US Senators, and two CIO-affiliated union presidents. Besieged on all sides, the United States Army sent an investigator from the Inspector General's Department to Bremerhaven with orders to investigate exhaustively the allegations proffered by the merchant seamen working the SS Marine Perch, now the newest incident involving alleged malfeasance among members of the 382nd Military Police Battalion.³⁸

The US Army charged Lieutenant Colonel Arthur Smith of the Inspector General's Department with the investigation of the allegations made by the merchant seamen of the SS Marine Perch and of the practices of the 382nd Military Police Battalion stationed in Bremerhaven. The investigation produced both a final report and forty-six pages of testimony from port security officers, the chief of the military police, the local Provost Marshal General, and Counter Intelligence Corps special agents. Their

³⁸ Johnson, "Letter replying..."; Col. A.B. Johnson, CMP, Deputy the Provost Marshal General, Letter replying to Senator James Huffman, Box 1175; Gen. Dwight Eisenhower, Letter responding to Senator Homer Capehart, 9/6/1946, Box 1175; Lucius Du Bignon Clay, *Decision in Germany* (New York: Doubleday & Co., 1950), 59-60; Ziemke, 317.

testimony provides an idea of the extent of the black market and suggests the difficulty—if not the futility—of attempting to control both participation of merchant seamen in, and proliferation of contraband items into, the black market.

Unequivocally, the engine driving the black market in Bremerhaven, as in the rest of occupied Germany, was the cigarette. Company D of the 382nd MP Battalion had control of ships' gangways, the adjacent docks, and control of the gates providing access to the city of Bremerhaven. Company D functioned as a vice squad, operating summary courts and collecting fines and contraband for later disposition. MPs checked merchant seamen on the gangways to prevent the carriage of articles from the ship Post Exchange into Bremerhaven. Beyond the gangway, patrols of port security officers could search the seamen on the docks, and all personnel were subject to search at the main gate, which provided the only access to Bremerhaven. In spite of these overlapping levels of search, merchant seamen still attempted to smuggle cigarettes and other contraband beyond the docks, and were often successful.³⁹

Special agents of the Counter Intelligence Corps would board each ship once it had docked at Bremerhaven, and provide to the master of each ship copies of the obtaining regulations pertaining to merchant seamen while on the docks and in the city. Copies would be posted in ships' mess halls and bulletin boards, and the CIC agents would then read these regulations over the public address system. Pursers and Transportation Officers were furnished with these regulations as well. Furthermore, the

³⁹ Interview of 1st Lt. Norman Aims, Assistant Port Security Officer, HQ 17th Major Port with AS, 10/26/1946, 15, Box 1175; "Interview of 1st Lieutenant Nine...", 9.

CIC agents provided shore leave passes, on which the regulations were printed, to the merchant seamen. Military personnel were subject to the same rules and regulations.⁴⁰

One of the regulations operative in Bremerhaven that affected merchant seamen was AG250.2(P1), "Security Control." The Adjutant General's Office promulgated this circular to prevent the introduction of contraband into Bremerhaven, which served to perpetuate the black market. "Security Control" featured expansive prohibitions. Packages of any kind could not be carried ashore, nor could anyone possess any currency other than the Allied Reichsmark while on shore. Food and clothing had to remain onboard. Allied personnel, whether civilian or military, could neither bring mail for German civilians nor accept mail from them for carriage to other ports on the Continent, the United States, or Great Britain. What was permitted ashore is particularly salient, as the prohibition attempted to confront the expanding shadow economy built around a currency of cigarettes. "The following items only may be carried ashore. Any amount over this allowance will be confiscated and the shore leave pass of the offender will be revoked. 2 packages of cigarettes, or 8 cigars, or 1 package of tobacco. 2 candy bars. 2 packages of gum." The MPs of Company D 382nd Military Police Battalion operated under the authority of "Security Control" when they seized contraband from the offending seamen of the Marine Perch, and took candy bars and cigarette packs from Gabriel Agos. "The harbor master also provided a pamphlet for each ship entering the Bremerhaven port, "Information for Ships Visiting Ports of the Bremen Enclave," which

⁴⁰ Interview of Special Agent William Roger Boyer, CIC, 970th CIC Detachment, Region 9 with AS, 10/28/1946, 26, Box 1175; Interview of Special Agent Grover Byrum, CIC, 970th CIC Detachment, Region 9 with AS, 10/28/1946, 30, Box 1175.

explained police functions that affected merchant seamen. Control of the black market featured prominently in the section enumerating “Police Powers.”

The sale, barter, or exchange of cigarettes, cigars, tobacco, candy, or any food, clothing or other items is prohibited. IT IS A PARTICULARLY SERIOUS OFFENSE FOR CREW MEMBERS TO BE FOUND WITH SHIP’S STORES IN THEIR UNAUTHORIZED POSSESSION ASHORE [*capitals in original document*]⁴¹

The circular AG250.2(P1) and the pamphlet testified to the scope of the black market problem in Bremerhaven, and the lack of success authorities had in constraining black market activities and the flow of goods into this vibrant economy. “Security Control” did little to restrain the cupidity of the merchant seamen, the principal operators in this market.⁴²

The principal problem cigarettes presented to authorities in occupied Germany, and conversely, their value to those operating on the black market, was their fungibility. Cigarettes and cigarette packs were ubiquitous and widely available; packs came with the rations of Allied soldiers, could be purchased at Post Exchanges, sent by mail, or, as in Bremerhaven, taken from ship’s stores in port cities. Cigarette packs are also portable and durable, and these qualities recommended themselves in their adoption as the obtaining currency on the black market. The American soldier, and especially a member of the merchant marine, operated at the nexus of the black market. He alone had ready

⁴¹ “Extract of ‘Information for Ships...’”;

⁴² Lt. Col. F.W. Marshall, AG 250.2(P1) “Security Control,” HQ, Seventeenth Major Port, 7/1/1946, Box 1175; “Extract of ‘Information for Ships...’”.

and reliable access to cheap cigarettes, and he put most packs into “circulation” in the black market. Like currency, a pack or a cigarette might change hands several times before the end user smoked it; and the cigarette, unlike the Reichsmark, could ameliorate hunger pangs during the thin years of 1946 and 1947.⁴³

Generally, the Allied Reichsmark was worthless on the licit economy, and Germans reverted to bartering as a means of exchange. Douglas Botting identifies three groups regulating this system—townspeople provided valuables to GIs in exchange for goods from the Post Exchange, and the townspeople would visit farmers in the hinterlands for produce and meat in exchange for valuables and the cigarettes, candy bars, and coffee procured by the GIs. For a dollar, an American serviceman could buy a pack of Lucky Strikes, and exchange the pack for 800 Reichsmarks. The American could repeat this process a number of times, and purchase valuables set at exorbitant prices in Reichsmarks in black market bazaars. Germans set up “factories” for the construction of whole cigarettes from multiple butts that American and British soldiers had thrown away, with, on average, seven butts equivalent to a full cigarette. These persons employed tens of workers, who, for five dollars a day, cobbled together secondhand cigarettes. One cigarette could buy a meal. Giles MacDonogh writes that a single American cigarette could also purchase a “suburban railway ticket,” and in November 1945, a cigarette was good for four ounces of bread. An alternative barter

⁴³Botting, 234-236.

economy, regulated by the amount of available cigarettes, had established itself in postwar occupied Germany.⁴⁴

Only the introduction of the Deutsche Mark in June of 1948 wiped out the black market and the buying power of the cigarette. Lucius Clay, who had been Deputy Military Governor of Germany in 1945 and 1946, and had replaced General Joseph McNarney as Military Governor in March of 1947, struggled vainly to delimit the reach of this *sub rosa* barter economy and to break the purchasing power of the cigarette. In 1946, the American Military Government in Germany reluctantly set up a barter market in Berlin, and cigarettes were given a high rate of exchange to draw civilians and soldiers away from the black market operations downtown. Appraisers were available to establish a fair market price for items brought for barter. The barter market, while primarily serving to abate the black illicit economy, also addressed a need of the American soldiers. The Germans brought household items to market that GIs could not obtain at Post Exchanges—curtains, linens, beds, tables, nightstands, and rugs—that served to make long-term living quarters in occupied Germany a bit more habitable. In assessing the value of the market, Clay acknowledged its necessity and its success in maintaining a modicum of morale among Americans and Germans and combating the insalubrious aspects of the black market.⁴⁵

In point of fact, the German [Government] operates barter markets of its own which have been very successful. In an economy in which the

⁴⁴ Botting, 234-236; Fritz, 234; MacDonogh, 372-373.

⁴⁵ Clay, *Decision*, 227-228; Lucius Clay, "Barter Market in Berlin," 11/2/1946, from Lucius Clay, *The Papers of Lucius D. Clay, Germany 1945-1949, Volume One*, ed. Jean Edward Smith (Bloomington: Indiana University Press, 1974), 276-279.

currency has no real value and in which every German knows it will have less value at some future date when re-evaluation of currency is agreed, barter becomes inevitable. In my view, it will be impossible to enforce regulations prohibiting all barter unless some controlled outlet is provided....this office recognizes that the barter market has certain undesirable features. However, taking all factors into consideration, it does provide a controlled medium of exchange between Americans and Germans which appears to be desired by both, which has contributed to morale and which has reduced much more undesirable methods of trading.⁴⁶

In April of 1947, Clay wrote of the role of the cigarette in perpetuating the black market. In order to impede the functioning of the black market, Clay favored prohibiting the importation of cigarettes through the Army Post Office while importing tobacco for the Germans toward the manufacture of their own cigarettes. This would undercut the Americans sailors' role as black market "bankers" by driving down the value of the cigarette through increased German access to them. But here again, as with the Berlin barter market, he acknowledged the exigencies of the situation. "This will not stop barter. However, it is doubtful if any other item could become a currency standard." Clay recognized that the mundane nature and "legality" of most black market transactions—bartering for butter, coffee, or a few dollars, rather than attempting to make a fortune from guns, gasoline, and paintings—affected American perceptions of

⁴⁶Botting, 303; Lucius Clay, "Barter Market...", 278-279.

participation. “It is difficult to convince our people that the barter of cigarettes is immoral, and Americans do not accept regulations which they do not deem immoral. Many people barter who would not engage in direct black market or smuggling.” Clay ultimately admitted the likely futility of his proposed actions, writing “You almost would have to swamp Germany with cigarettes to eliminate the cigarette black market...” It was in this environment, where the only functioning economy relied on illegal bartering, where a cigarette was worth more than a hundred units of official currency, where even the Military Governor of Germany bowed to the logic of the alternative market, that one can understand the situation in Bremerhaven.⁴⁷

At Bremerhaven, during the time the SS Marine Perch was in port and during the subsequent Inspector General’s investigation, the value of a pack of cigarettes on the black market was between ten and fifteen US dollars. The merchant seaman entering Bremerhaven had much to gain by participating in the black market. Unlike American military personnel on the Continent, he, having visited American ports, had access to dollars and the American market, and he received his pay in dollars rather than the Allied Reichsmark or in the scrip issued by USFET. The merchant seaman, purchasing multiple packs of cigarettes cheaply, could sell these packs in Bremerhaven for illicit dollars, or take payment in Reichsmarks and have them exchanged for dollars onboard his ship. At ten to fifteen dollars a pack, he would net himself a pretty sum. In Bremerhaven, as with Allied personnel in other places in Germany, the merchant seamen financed the black market, injecting liquidity into it in the form of cigarettes. The record

⁴⁷Lucius Clay, “Cigarettes and the Black Market,” 4/14/1947, 335-336 (quotes from 336), from Lucius Clay, *Papers*.

of the Marine Perch investigation shows this temptation was too great for merchant seamen to resist. Company D of the 382nd MP Battalion had to fight this alluring venal impulse with every ship mooring at the dock, and with every seaman entering the city.⁴⁸

First Lieutenant Jose Nine, Jr., a Port Security Officer for the Bremerhaven docks, was charged with the control of a dock guard of German civilians and with insuring that the MPs on duty were performing their jobs. He had watched the MPs conduct searches of personnel entering the city. The man would be brought into a 6x10 shack by the main gate that Company D had erected for conducting searches out of sight of German civilians. Inside, he would be asked how many packs of cigarettes he had on his person, and the MPs would permit him to proceed through the gate “after verifying the merchant seaman’s statement. They verified the statement by searching him.” Usually, merchant seamen had hidden packs in excess of the amount permitted. “But some have tried to put cigarettes in their socks and underneath their hats.” The military police would ask merchant seamen to declare the number of packs in their possession, receive an answer of “three” and conduct a search that would duly contradict the stated number. Nine continued, “...they would find he had more cigarettes in his socks and underneath his hat, back in his shirt; and they would also tape a carton of cigarettes with adhesive tape around his leg and that case I handled myself personally.”⁴⁹

⁴⁸ “Interview of 1st Lt. Nine...”, 12; Lt. Col. Arthur Smith, “Report of Investigation Concerning Complaints of the Crew of S.S. Marine Perch.”, 11/8/1946, 3, Box 1175.

⁴⁹ “Interview of 1st Lt. Nine...”, 10. NOTE: During the time the Marine Perch was in port (8/20-8/30, 1946), AG 250.2(P1) permitted seamen two packs of cigarettes. A revised version of AG 250.2(P1) was issued on 10/11/1946, permitting seamen three packs of cigarettes. Nine was referring to the newest iteration of this document during his testimony.

In his testimony, Nine estimated the value of a package of cigarettes at five or six hundred marks, equivalent to five or six dollars. Because determining the local value of a pack of cigarettes was imperative for the investigation of the Marine Perch allegations, the value given in Lieutenant Colonel Smith's report may instead be considered more accurate. Even this discrepancy notwithstanding, trading multiple packs at five dollars per instead of ten to fifteen could still net a seaman a healthy profit. Before the Bremen Enclave switched to scrip for payment instead of the Reichsmark, "...they could convert some of their money on the ship. They would just get an even [exchange in] money for dollars. While taking 2 or 3 packages of cigarettes ashore would give them 10 or 20 dollars, which they would use during the time they were going to be in the Port." Nine's phrasing is unclear, but context suggests that seamen could exchange German currency for an equivalent amount of dollars. Nine also discussed bartering, namely, "...if it was an excessive amount of cigarettes it would probably be with the idea of bartering with the Germans or trading for some particular object, a camera they had seen the day before and the next day they would try and get the cigarettes out."⁵⁰

Lieutenant William Waterhouse commanded Company D of the 382nd Military Police Battalion; as such, he was responsible for overall dock security and the military police providing it. Waterhouse also conducted the summary court responsible for trying those merchant seamen charged with infractions of the "Security Control" circular. Waterhouse assessed the fines for Ho Yin, Cigaro Garcia, and Pasqualino D'Angelo for possession of excess cigarette packs. Waterhouse identified Private Eddie

⁵⁰Ibid., 12.

Lede as the man whose forty dollars had been seized, and acknowledged that Ledé had been fined the same amount; Waterhouse begged leniency for his part, noting that the forty dollars was assessed not only for carrying American currency off his ship, but also for the three cigars, two packs of cigarettes, two candy bars, and single brassiere. In the record, his leniency *is* striking. No offender was fined more than the maximum allowable punishment of two-thirds his monthly pay, specifically, in only five of the two hundred cases tried did Waterhouse mete out the maximum fine. Moreover, Waterhouse had the option to consign the offenders to a month of hard labor, and had yet to do so as of the end of October, 1946. He defended the high fines with reference to the black market. “We made the fines on the basis of the violations of the large value of black market of cigarettes that are brought in this area.” He continued that each of the seamen pleaded guilty to the charges as presented.⁵¹

The cigarette, Waterhouse asserted, ensured a full docket for the court. From July to October 1946, the summary court had tried 200 cases. “It has all been tobacco or 97 percent of the cases we have involve tobacco.” One of his cases involved a man who had attempted to smuggle seventy-five cartons of cigarettes out of the gate. At the end of October 1946, Waterhouse alone held forty cartons worth of cigarettes under lock and key. He attributed the high case load to the value of the cigarette in the Bremerhaven black market. “I handle the black market cases and the price has been here from \$100.00 to \$150.00 per carton. As you go further inland the price will go up to \$200.00,

⁵¹ Interview of 1st Lt. William Waterhouse, Commander of Company D of 382nd Military Police Battalion with AS, 10/26/1946, 17-18, 20, Box 1175. See also, footnote 14: From “crew members of all departments,” “Letter to the president of the National Maritime Union of Cooks and Stewards...” for the allegation that MPs pocketed Ledé’s forty dollars (Ledé is not named in this allegation).

and in Berlin it is \$300.00 per carton.”⁵² Providing an account similar to Nine’s, Waterhouse detailed the legerdemain to which merchant seamen resorted to sneak excess cigarettes and other contraband past the MPs.

My men have found cigarettes under their hats. They have found cigarettes tied to the crutch of their body with string or adhesive tape. They have found cigarettes around their waist. We have found men coming out with coffee in money belts. We have found them with cigarettes tied, 3 to a string and tied just before the calf of the leg. They have found cigarettes in their stockings and in packages and parcels which they carry, sometimes in hand bags.⁵³

Waterhouse provided a frank assessment of Company D’s efforts to control the influx of contraband into Bremerhaven. “This area was so rank on blackmarketing [*sic*] we have been having people come in from all areas of Germany to deal with the men.”⁵⁴

Colonel Herschel Baker was Director of Operations for the port of Bremerhaven. Baker was of the opinion that both merchant seamen and ships’ officers engaged in the black market. His evidence was hearsay, conversations among seamen that he had chanced to overhear. These persons had made “open statements in different places of how they have obtained in this port certain instruments such as field glasses for so many cartons of cigarettes and ship’s stores.” Baker stated that merchant seamen mounted an unrelenting effort to smuggle cigarettes out of the port, which contravened USFET

⁵² “Interview of 1st Lt. Waterhouse...”, 18-20.

⁵³ Ibid., 19.

⁵⁴ Ibid., 21.

regulations. In April of 1946, Baker had returned from the United States to Germany, and had overheard a ship's steward discussing his success in the black market at Bremerhaven. "The steward [*sic*] on the victory ship did not know I was on duty at the Seventeenth Major Port. He talked freely of how many nice oil paintings he was getting out of Germany for coffee, cigarettes, and other things." When Baker questioned him, the steward replied that his dealings were perfectly legal.⁵⁵

Colonel Donald Dutton had been Provost Marshal of Bremerhaven while the SS Marine Perch had been at the docks in late August 1946. Dutton commissioned two inquiries into allegations of military police malfeasance similar to those levied by the crew of the Marine Perch; both investigations found no irregularities in the practices of the 382nd Police Battalion. Dutton considered the allegations of the merchant seamen working the Marine Perch, specifically the anonymous letters sent to Senator Homer Capehart, "unfounded." Dutton noted that the MPs would "frequently" stop merchant seamen and that these seamen would very often have in their possession "an illegal amount of cigarettes which, undoubtedly, have been taken ashore for bartering purposes" on the Bremerhaven black market. Both merchant seamen and soldiers had taken property from the ships at the docks for "sale and barter," Dutton averred, and "it is the desire of the Port Commander that this purpose be stopped." Dutton recounted that "In my opinion the Military Police have not been subjected to unreasonable treatment inasmuch as most of them have attempted to take cigarettes and other items off for sale barter." "Military Police" appears to be a typo—most port personnel and military

⁵⁵ Interview of Colonel Herschel Baker, Director of Operations, HQ, Seventeenth Major Port with AS, 10/28/1946, 37-38, Box 1175.

officials interviewed resoundingly castigated the *merchant seamen* for their speculation, flouting of standing regulations, and participation in the black market. Dutton acknowledged that he had received complaints from merchant seamen regarding unfair treatment at the hands of the dock MPs, but delivered a damning indictment of the merchant seamen whose allegations were the subject of the investigation for which he was providing testimony. “However, the Marine Perch was notorious in this port as being a source of cigarettes and other property for illegal sale and barter.”⁵⁶

It would be remiss not to note that cigarettes were not the only items of value in the Bremerhaven black market, or for that matter, in Germany. Eisenhower’s Europe-wide proclamation, circular AG 383 GEC-AGO, “Troop Participation in the Black Market,” published in the wake of TALLY-HO, and circular AG 250.2(P1) “Security Control,” promulgated by the Adjutant General of Bremerhaven, both included prohibitions relating to food. Eisenhower’s USFET circular stated, “All military personnel are, therefore, advised that they are forbidden: b. to purchase rationed German goods or services. This includes, among other things, food, meals in restaurants, clothing, footwear, textiles, soap, and fuel.” AG 250.2(P1) ordered that seamen and officers “are forbidden to carry ashore any of the following items: a. Food stuffs of all types, particularly coffee and butter.” Bremerhaven also featured an active trade in foodstuffs on its black market. Colonel Herschel Baker considered pilfering from ship’s stores a pressing concern. Baker had preferred charges on a man who had stolen from

⁵⁶Interview of Colonel Donald Dutton, former Provost Marshal of Seventeenth Major Port, HQ with AS, 10/28/1946, 39, Box 1175. Dutton and a few other officials interviewed by Smith acknowledged or discussed the participation of the military police and other soldiers in the Bremerhaven black market. This subject is treated below.

his ship's stores to sell on the black market. He was of the opinion that many seamen had stolen from their own stores for sale and barter in Bremerhaven "and they have been caught with it, maybe a jeep full of various kinds of foods, bacon, butter, coffee, sugar, and various kinds of foods." First Lieutenant Waterhouse recounted that in discussions with the Master of the SS Marine Perch, he asked after a certain merchant seaman McCall "who was apprehended two days ago carrying out approximately 60 individual tea bags," and had not shown for his trial. The bags were presumably pilfered from the stores of the Marine Perch. The Consulate General at Bremen also conducted its own (rather tardy) investigation of the allegations of military police malfeasance; Secretary of War Robert Patterson included a brief portion of the report in a letter to Secretary of State James Byrnes, dated January 18, 1947. The report from the Consulate General related that after searching the Master of the SS Ernie Pyle, the Bremerhaven military police "confiscated, as black market materials, two apples and an orange." Coffee and candy bars could function as a currency substitute as well as the ubiquitous cigarette, and the merchant seamen at Bremerhaven acted accordingly.⁵⁷

The record displays preponderant evidence of the enthusiastic participation of merchant seamen in the black market operating in Bremerhaven. But it is facile to suggest that in the Bremerhaven episode, blame lay entirely with the members of the Merchant Marine. As described above, the American soldier was an active participant in and facilitator of the shadow economy that obtained in his nation's zone of occupation.

⁵⁷ Brig. Gen. R.B. Lovett, AG 383 GEC-AGO "Troop Participation..."; Lt. Col. F.W. Marshall, AG 250.2(P1), "Security Control", 7/1/1946, 1; "Interview of Col. Baker...", 38; "Interview of 1st Lt. Waterhouse...", 24; Secretary of State James Byrnes, Letter replying to Secretary of War Robert Patterson, 1/18/1947, Box 1175.

As such, the record of the investigation of the Bremerhaven allegations provides evidence of the participation of American soldiers in the Bremerhaven black market. The GI was hardly the silent hand of this illicit economy, and some testimony furnished to Lieutenant Colonel Smith inculpated American soldiers.

First Lieutenant William Waterhouse testified that he had ordered his men not to provide rides to seamen to the city of Bremen. The merchant seamen were trying to smuggle contraband out of the main gate, and members of Company D “would help them to get the stuff out” when they were searched. Colonel Herschel Baker related to Smith that US Army personnel on duty on transport ships would steal cigarettes and other articles from the ship’s stores. Baker was “instrumental” in bringing charges against an unspecified number of these military offenders. He referred to “One certain individual who is now under general court martial for taking U.S. supplies off the ship which is now in this port, that is true as he is a member of the crew here on one of our Army tugs.” Colonel Dutton, the former Provost Marshal of Bremerhaven, was perhaps the most honest of any of the witnesses whom Smith questioned. His response is reproduced in its entirety, and the juxtaposition of the forthright admission of wrongdoing against the subsequent justifications for the admitted offenses is striking.

It is true that Military Police at times carry cigarettes ashore and it is our effort to stop this and that orders be issued in it that this practice would be stopped. While M.P’s. have at times been guilty, there was no general abuse by the M.P’s. Yes, individuals have been tried for it. We have had to have guards tried for theft of whisky and for stealing cigarettes. The

reason is that the buards [*sic*] have been youngsters, but in general they have done a very good job. It is true some individuals were guilty and not the organization as a whole.⁵⁸

Colonel Edward Connor, a Commanding Officer at the port of Bremerhaven, admitted that enlisted men and soldiers had attempted to “carry articles out of the port.” According to Connor, a large number of merchant seamen *and* soldiers had been tried in summary court for the possession of contraband. He noted that even a commissioned officer “is now awaiting trial.” The investigation of the Inspector General’s Department provides evidence that the bustling Bremerhaven black market proved too much of a temptation even to those sworn to prevent its expansion.⁵⁹

The merchant seaman financed the black market obtaining in Bremerhaven in postwar occupied Germany. Without the merchant seaman’s reliable supply of cigarettes, what black market did exist in Bremen would be restricted to some form of a barter economy. He had ready and consistent access to a cheap supply of cigarettes, which constituted the preferred fungible form of exchange in the illicit barter economy that replaced a regular licit economy backed by the worthless Allied Reichsmark. Just as a banker would inject currency into a licit economy to increase liquidity, the merchant seaman could expand the “money” supply in the black market by placing more cigarettes and cigarette packs into circulation. It was the merchant seaman who controlled access to the fungible exchange unit of choice in the Bremerhaven black market. All other

⁵⁸ “Interview of Col. Dutton...”, 40.

⁵⁹ “Interview of 1st Lt. Waterhouse...”, 23; “Interview of Col. Baker...”, 38; Interview of Colonel Edward Connor, Commanding Officer of Seventeenth Major Port with AS, 10/29/1946, 42, Box 1175.

operators on the Bremerhaven black market needed the merchant seaman to regulate and provide the money supply. The records of the Inspector General's investigation into the allegations of military police malfeasance at the port of Bremerhaven support this contention. In the letter which the crew members of the SS Marine Perch drafted enumerating their grievances against the 382nd Military Police Battalion of Bremerhaven, the writers acknowledged that with regard to cigarettes "their exchange in Germany is too high." This constituted the rationale for their complaint that their excess cigarette packs had been confiscated. This assertion implies both that the crew members were aware of the existence of a German black market and that the cigarette held a high value on this market. The excess cigarette packs, then, were almost certainly intended for barter or sale on the black market. Provost Marshal Colonel Dutton's assertion that the SS Marine Perch was an infamous source of goods for illegal barter and sale provides further support for this contention. The testimony of various port officials in Bremerhaven further establishes the members of the Merchant Marine as inveterate and avid black market operators within the city. There is no reason why one seaman should need, much less be able to dispose of through his own exertions, seventy-five cartons of cigarettes, as First Lieutenant William Waterhouse presented in his testimony. Tobacco-related infractions—that is, possession of cigarette packs beyond the permitted amount—constituted ninety-seven percent of Waterhouse's caseload, an indication of the value of the cigarette on the black market. First Lieutenant Jose Nine, Jr. and Waterhouse provided descriptions of the many artifices by which merchant seamen attempted to sneak cigarettes past the MPs at the dock gates. That so many men were

consistently willing both to develop outlandish contrivances and risk admittedly high fines in the carriage of excess cigarette packs points to certain remuneration at a high value were these men able to get their cigarette packs past the guards.

The merchant seamen visiting the Bremerhaven docks were in a superb position to exploit Bremerhaven's black market. The ability to purchase cigarettes cheaply and resell them in a market assigning them high value gave the merchant seamen an unrivalled degree of purchasing and bargaining power—they controlled the growth of the black market because they controlled access to the market's currency. As such, merchant seamen *were* the black market in Bremen. Participation promised to be handsomely remunerative. It is incorrect to assert that the Bremerhaven black market grew from 1945 into 1946; rather, it exploded. If perhaps he did not interpret the results of TALLY-HO correctly, the development of the Bremerhaven black market in the year after the end of fighting in Europe absolutely contradicted Edwin Sibert's belief that there was no extensive, large-scale black market in postwar occupied Germany. The reason this black market grew so aggressively was the lure of profit; black market trade in cigarettes offered the merchant seamen the opportunity of a cheaply earned, reliable income. Merchant seamen supplied the cigarettes undergirding the growth of the illicit economy because they stood to make money. Ultimately, the activities of the merchant seamen at Bremerhaven demonstrate the use of the black market as a form of illicit supply to indigenous inhabitants, and that this form of supply was predicated upon the ability of the merchant seaman (or, by extension, any American soldier or civilian) to make a profit.

The Bremerhaven episode also illuminates a counterpoint to the historiographical contention of a German victimhood at least partly predicated upon the postwar black market. Despite the vociferous professions of victimhood from the German populace, emphasized by Zierenberg, Grossman, and Hilton, at least in the American zone, the victimizers were unwitting and the victimization was perhaps inevitable. The American soldier wanted Allied Reichsmarks, sex, and valuables on the cheap, and if a German chose to engage in a trade with him, all the better; the American was looking for extra cash rather than a forum in which to dominate the occupied population. Echoing Steege, Germans made an affirmative decision—perhaps compelled by circumstance—to survive on the black market; in the absence of a viable licit economy, a German also chose to subject him or herself to the black market's high prices in exchange for access to food or the means to purchase it. The Americans—in this case, merchant seamen disembarked at Bremerhaven—were simply accidental financiers motivated by a chance at easy profit.

CHAPTER III

AMERICAN SUPPLIERS: MISAPPROPRIATION

The previous chapter demonstrated that the black market functioned as a method of illicit supply because Americans who engaged in such activity stood to make handsome profits. The merchant seamen operating at Bremerhaven found black market activity to be sufficiently remunerative to justify engaging in such transactions. In fact, seamen considered the black market so profitable a venture that they were willing to trade despite the risk of confiscation of goods already purchased, and steep fines against their pay. The potential profits far higher than the fines ensured that Lieutenant Waterhouse would have a full docket, mostly of tobacco related cases, as long as merchant seamen were in port. As long as the local population desired cigarettes, demand would be constant and prices would remain high. If an American wanted to make some extra money, he need only look to his cigarette ration or his purchases from the Post Exchange. Profit provided sufficient motivation for Americans to transfer rationed and controlled items—contraband goods—to local populations.

Profit, however, did not constitute the only motivation for illicit supply to the indigenous population, and the black market was not the only medium for it. Misappropriation of government property—its diversion for private use or to an unauthorized channel—was a common type of delinquency in the United States Army during the occupation. Clifton Bryant defines misappropriation as “the unauthorized distribution and reallocation of equipment and supplies.” The most commonly used terms varied based on who was writing the criminal investigation report or drawing up

charge sheets for court-martial: “misappropriation,” “illegal possession,” and “larceny” were all used to indicate that one party had seized and carried away the property of another without permission, with “larceny” suggesting that the stolen goods were specifically intended for the use of the alleged thief. The materiel was sometimes destined for the black market, and at other times it was appropriated for the personal use of the accused. Despite the above enumeration of terms, it is important to note that misappropriation only bears a superficial resemblance to theft. Bryant makes this distinction, “The individual who commits theft of military property for profit generally has criminal intent and willfully undertakes to defraud the military for personal economic gain,” whereas an “individual in the military simply views the equipment that he misappropriates as surplus or something that would not be needed or missed, that he is putting to more productive use—his!”⁶⁰

The merchant seamen of Bremen, constrained by a transient lifestyle, the need for easily transported merchandise, and scrutiny from the military police, found black market trading in cigarettes apt to their circumstances. The chief difference between merchant seamen and most other Americans in Europe was the former group’s consistently itinerant lifestyle. Most other Americans had to stay put in Europe. As such, these Americans were able to form relationships with the local population. More

⁶⁰Bryant differentiates theft from misappropriation in that the former requires criminal intent to defraud for a pecuniary profit. Clifton Bryant, *Khaki-Collar Crime: Deviant behavior in the Military Context* (New York: The Free Press, 1979), 88, 92-93; “superficial resemblance” is a paraphrase of Bryant. These terms are present in all court s martial and reports of criminal investigation; citing individual instances would be tedious and not represent the ubiquity of the usage. For examples, see RG466, Records of U.S. Courts of the Allied High Commission of Germany, OMGUS/HICOG Criminal Court Case Files Held at Berlin, 1945-1955, Box 1, hereafter referred to as “Box 1” (see Chapter 3); RG549, Headquarters, European Command (EUCOM) General Staff, Provost Division in Serious Incident Investigation Case Files, 1950, Box 2877.

often than not, this meant forming relationships with women. Circulars prohibiting fraternization were openly flouted. German women, confronted by the stark contrast of the victorious American in his starched uniform, and the purchasing power he commanded, and the defeated, penniless German in ragged clothes, chose the former. Americans also had access to food, which the Germans desperately needed and sorely lacked. As Petra Goedde has demonstrated, gender dynamics played a central role in determining who received access to American food. Women were often providers for their families while dependent upon an American for the food requisite to make up the difference between the ration card allotment and a level of calories fit for survival.⁶¹

This chapter is an examination of a second type of illicit American supply: the provision of rationed and controlled goods to Germans and Austrians outside of black market transactions. Usually, this exchange occurred when American soldiers formed relationships with local women. As such, this chapter is best understood in the context of the food scarcity in Germany and the failed nonfraternization policies of the American Army. Food was the most valuable commodity a German, Austrian, or displaced person might possess. Accordingly, the black market charged the highest prices for it, and some black marketers were willing to risk capture and death breaking into the American depots and trains that contained it. American soldiers had reliable and cheap access to food as members of the occupying force. They desired the company of women, which in turn gave women in the occupied territories the best position to exploit the American bounty. Grossman writes that “...girls quickly learned that a relationship with an

⁶¹ Goedde, 108.

occupier was the best way to support their mothers.” Women understood their sexual value and leveraged this worth to gain access to the material bounty the GI offered. Goedde’s study utilizes gender as an analytical tool in explaining the American occupation. She argues that the chief difference between Americans and Germans was one of power, which was constructed in terms of gender roles, as German men were both defeated and often not present in postwar Germany. As such, American men became the providers and protectors of German women and role models to German boys; this was a normative gender role, and Goedde demonstrates that women accepted this state of affairs. Without access to a male breadwinner, and unable to provide for themselves, German women sought American companionship to fill the economic void and the cupboard. “In the context of American-German relationships, the dependent-provider relationship became gendered as American men provided for their German girlfriends.” In this way, gender dynamics constituted an integral component of the illicit supply discussed herein. German women had the easiest access to American food.⁶²

⁶² Fritz, 48; Grossman, 76; Goedde, 4-5, 90-91, 106-108. The historiography of the black market, food scarcity, and fraternization are closely intertwined. In the English language historiography, they are all treated as components of the story of postwar Germany. Enssle and Roesler (1987 and 1989) first introduced scarcity as an important analytical tool in explaining the presence of the black market in postwar Germany. Roesler asserts that all state attempts to curb the Soviet-sector black market through legislation or punitive measures failed before the imperative of survival—only the provision of quality goods below black market prices undercut illicit trade. Enssle argues that strategies developed for survival amidst scarcity in Stuttgart helped foster the ideas necessary for the German economic miracle of later decades. Goedde (2003) views scarcity and fraternization as forces helping to unite individual Germans and Americans. Americans found themselves as providers to German women, who used their sexuality in exchange for food only Americans could provide. This relationship fostered the idea of Germany as feminine and needful of protection, rather than aggressive and masculine. This concern for protection was extended to the international system, and was responsible for the special relationship shared by the United States and West Germany during the Cold War. Zierenberg (2004) argues that conditions of scarcity arose long before the postwar years, citing meat rationing in 1941 and the Allied bombing offensive in 1943 as key contributors—the Americans merely continued German ration and price control policies. Working from Roesler and Enssle, Steege (2007) posits that scarcity provided Germans with the impetus to negotiate and work for their own survival. Despite the policies of two superpowers who professed to

If the cigarette held an intrinsic value on the postwar black market, what Germans, Austrians, and displaced persons prized most was food. An OMGUS survey of schoolboys in the summer of 1946 revealed that, “The principal concern was obtaining food.” Thirty percent of the 250 respondents indicated that Germany needed more food aid, and “26 per cent reported that their greatest wish was for more food.” From war’s end until currency reform on June 20, 1948, according to the OMGUS opinion polls, the greatest concern of the German population in the American Zone was food, except for the first two postwar winters, “when clothing concerns took precedence.” In August of 1946, Morrison Strayer, head surgeon of the armed forces in the European Theater, noted that sixty percent of the population in the American Zone subsisted on diets certain to lead to deficiency diseases. In 1945, OMGUS allotted 1,150 calories “which varied downward,” per person in Germany; officials assumed that Germans managed to find four hundred to five hundred calories on the black market, providing a maximum of 1,500 calories, “not enough to sustain productive labor.”

control Germans while refusing to adequately feed them, Germans circumvented the controls of the state and the provisions of the licit economy to secure their survival amidst universal want. Decisions to forage, barter, exist on rations, or trade on the black market all constituted affirmative decisions to take control of one’s destiny in spite of a status as defeated or occupied. Scarcity provided Germans with agency. Grossman (2007) argues that scarcity provided a notional locus for the contestation of competing claims of victimhood between displaced persons—especially Jews—and Germans. Germans were frustrated that Jews had access to American goods as a result of their DP status, which also allowed them more opportunities to sell on the black market, whereas Jews were angered that Germans had the ability to access American goods through common bonds and traditions (especially Christmas) and fraternization with American officers (Jewish-American soldiers constituted an exception to this grievance). Hilton (2010) explores how Germans considered the postwar black market a symbol of their victimhood, and how its existence served as a signal of societal deterioration, exposing, among other things, the breakdown of the official economy. Despite their disgust for “big operators” and displaced persons, Hilton argues, scarcity forced Germans onto the black market in droves. Germans rationalized their behavior on the market vis-à-vis the foreigners in their midst—foreigners were unscrupulous and profit-hungry, Germans were honest and driven by the need for sustenance. This chapter suggests that while women used their status as victims, as those needing protection, they still relied upon the willingness of American soldiers to provide American rations and PX luxuries.

Projections indicated that agricultural output in Germany for the year ending September, 1946, would yield only 938 calories per person. Insufficient nutrition would persist for years. For the week of May 8, 1947, in Wuppertal, Germany, the town council issued only 650 calories of food per day, and in Essen, “three slices of corn bread and a tiny heap of sugar” were given out to adults as a daily ration.⁶³

German responses to the survey question “How are you making out with food?” were overwhelmingly negative for the months May to November of 1946. Forty-five to fifty six percent of respondents in each survey answered “Not Well, Badly.” The American sector in Berlin, whose inhabitants were unable to trade with farmers outside of the city, faced a much bleaker food shortage; approximately eighty percent of Berliners answered, “Not Well, Badly.” A subsequent survey in June, 1947, reflected a twenty percent increase in persons unable to find sufficient food in the American Zone, and no change in the affected population in Berlin. Records of caloric intake for the American sector in Berlin in the first half of 1947 substantiated these survey responses, but probably indicated a slight improvement in circumstances. Taken as a whole, the population therein received seven hundred to one thousand calories less than what OMGUS health officials recommended for each age group. Laborers in heavy industry

⁶³ “Report No. 12 (28 June 1946): Attitudes of Some Bavarian Schoolchildren,” in Richard Merritt and Anna Merritt (eds.), *Public Opinion in Occupied Germany: the OMGUS Surveys 1945-1949* (Illinois, 1970), pp. 86 ff, in Manfred Malzahn, *Germany 1945-1949: a Sourcebook* (London: Routledge, 1991), 93; “Die Hungerkrise wächst zur Katastrophe,” in *Aachener Nachrichten*, (9 May 1947), in Malzahn, 115-117; Hilton, 485; Enssle, 487; Ziemke, 352-353.

saw an even greater disparity in actual caloric intake. In such circumstances, Germans resorted to heroic measures to search out food, and survive.⁶⁴

Steege asserts that “...almost all relationships in Berlin—professional and personal—operated in a network of material negotiations.” This statement can be applied to all of Germany. These “material negotiations,” the various exertions necessary for survival—trading cash for an illicit good or service, illegal bartering, requiring perquisites to carry out a service or provide a good—provided many Germans and displaced persons the means to circumvent a licit economy that could provide neither coal, nor clothing, nor medicine, nor household necessities. Most of all, the official economy and the various ration systems it supported could not provide adequate food. Native inhabitants entered the black market to supplement their meager or nonexistent rations, acquire foodstuffs not available through official channels, or simply to stay alive. Many Germans went to the countryside to barter with farmers, exchanging jewelry, shoes, and furniture for food. Farmers were required to register the amount of their produce and livestock with government officials, but compliance was low and enforcement difficult. Townspeople accused the farmers of hoarding goods, diverting some to the black market, and keeping the remainder for their own use. Many city dwellers did not earn salaries enabling them to purchase goods on the black market, exacerbating individual instances of want.⁶⁵

⁶⁴ Steege, 46-47. Children above the age of seven received 1,728 calories instead of a recommended 2,400; nursing and pregnant women received 1,737 calories instead of a recommended 2,700; the “normal consumer” received 1,287 calories instead of a recommended 2,000.

⁶⁵ Steege, 124-125; Hans Schlange-Schöningh, “Letter to the VWG economic council,” 2/9/1948, in Malzahn, 117-118.

Ziemke asserts that farmers were the most “numerous” and “successful” of black marketeers. Among other instances, “In Bavaria in the fall of 1945, the legal butchering of hogs was 50 percent below normal, and six sugar beet processing plants had to be closed down because the farmers had diverted the beets to the black market.” A verb reflecting how Germans regarded the farmers, “*hamstern*,” began circulating in the language. The Roman Catholic Cardinal Frings stated that in such conditions of want and penury, small scale theft could not be sinful. Walter Ulbricht, of the East German Socialist Unity Party, was at pains to excuse the black market exertions of those Germans attempting to survive this ubiquitous scarcity. As noted in the previous chapter, American officials, yielding to the size and allure of the black market, and acknowledging that the ration system was severely flawed, opened a barter market in Berlin in August 1946. Berliners could acquire a certificate with the value of the good to be sold, using this certificate to trade for other appraised goods at the market. It did little to dent the enthusiasm of profiteers and the perseverance of those bartering and selling to survive.⁶⁶

Within this *mélange* of negotiations that Germans pursued toward securing their survival—black marketeering, theft, hoarding, and legally questionable barter—women used their companionship and their bodies in negotiating with American men to escape the material hardship in which they existed. German women relied upon their relationships with GIs to shield them from want and starvation; Americans, moved by affection, pity, and lust, provided their US government rations in exchange for intimacy.

⁶⁶ Enssle, 490-492, 496-498; Roesler, 99; Ziemke, 354.

A gift of a candy bar or a can of spam to a German girlfriend did not constitute a black market transaction. However, in transferring ownership of government property to their girlfriends, mistresses, and fiancées—property either of OMGUS, the American Army, or the British Army—enlisted men and officers diverted these controlled goods from official channels. This caused both food loss in government stocks and drove up prices for goods on the legitimate market as Allied supplies were sold in the shadow economy. Laura Hilton remarks that, stripped of artificial government price control, goods and services showed their true value on the black market, “filling the gap between official supply and voracious demand.” Compelled by the imperative of survival, the price for food was whatever buyers could pay.⁶⁷

American bounty supported the black market in the American Zone, but this was especially true for food. Ziemke writes, “On the black market, of course, after the Americans came everything could be had: butter, Spam, cheese, canned meats, and liquor. The prices in marks ran into the thousands for small quantities.” American trains, moving through the interior of the zone and transporting food and PX goods both to cities and their American installations, were constant targets of Germans and displaced persons. The trains were sources of materiel and foodstuffs, which could be redirected to the black market or appropriated to one’s own use. Food was the most coveted controlled good. An intelligence bulletin from the Railway Security Division of the Provost Marshal declared, “Items most frequently pilfered: Food—729, PX—244, Clothing—61.” Even though these numbers do not have a qualifying unit (context

⁶⁷ Hilton, 482; Steege, 56, 61.

suggests that “instances” might be appropriate), they demonstrate the value of food in a hierarchy of need. The writer affirms this judgment later in the bulletin, writing “Pilferers apparently have little interest in items other than food or clothing.”⁶⁸

German railway police, Polish guards, desperate German civilians, and displaced persons, both singly and in groups, stole from the train cars, in actions which American sources universally refer to as “pilferage.” The trains and their contents represented the abundance that the Americans brought to the occupied countries, and highlighted the want in which a German or a stateless person lived. The Germans, too, saw this American largess as the engine powering the black market—whatever was in the trains was potential fodder for market transactions. While black market operators sought to appropriate the goods to enrich themselves, those utilizing only subsistence bartering and selling considered the American bounty the cause of their suffering. Prices were too high on the black market for honest Germans, living from wages alone, to participate.⁶⁹

A selection of intelligence reports from 1946-1947, demonstrates the sheer abundance of food the Americans brought into Germany, and the scope of the pilferage problem and attendant diversion of supplies to the black market. Diverting food to the black market was so lucrative because starving Germans and displaced persons had to get their calories from somewhere, and those subsisting on Card III and Card V rations, “normal consumers” and “others” respectively, were guaranteed substantially less than 2,000 calories daily.

⁶⁸ Ziemke, 349-350; “Intelligence Bulletin No. 3,” 1/31/47, *Intelligence Bulletins: 30 January 1946 to 31 July 1947*, in RG389, Box 1159.

⁶⁹ Enssle, 491-492; see *Intelligence Bulletins* in Box 1159 for the extensive use of the term “pilferage.”

On 29 Mar 46 three Germans were arrested in Bremerhaven in possession of nineteen pounds of butter, six one gallon cans of lard and other lesser items, and stated when interrogated that many Germans were stealing and hiding supplies for their own consumption. The above mentioned Germans have been sought for three months in Bremen in connection with black market activities.⁷⁰

On 16 April 1946 two (2) Security guards were patrolling the Rangier Yards in Nurnberg Germany, when they noticed two German Civilian Railway workers with US supplies. Upon investigation they found approximately 20 lbs. of meat and three fourths bucket of eggs in their possession. The two Germans were apprehended. Final disposition, both were imprisoned and fined.⁷¹

On 4 May 1946 at 0850 the German Civil Police at Letter, Germany called the security detachment there regarding some American goods which were pilfered from trains. Seven (7) persons were apprehended and turned over to the German Civil Police at Hanover. The following items were recovered: 8-5 gallon cans dehydrated carrots, 50-1 gallon cans powdered milk, 24 cans pease [*sic*] 50 lbs. flour, 84 Pr. CI shoes.⁷²

About the middle of July a German Railway policeman was approached by two men while he was on duty in the Main Station in Munich. These

⁷⁰ "Intelligence Bulletin No. 6," 4/17/46, 3, in *Intelligence Bulletins*, Box 1159, 3.

⁷¹ "Intelligence Bulletin No. 7," 5/2/1946, in *Intelligence Bulletins*, Box 1159, 4.

⁷² "Intelligence Bulletin No. 8," 5/15/1946, in *Intelligence Bulletins*, Box 1159, 5.

men offered to go with the German Railway Policeman to various houses where Black Market activities were being carried on. The German Railway Policeman was to search the houses and confiscate the goods, which were then to be divided evenly amongst the three. The German Railway Policeman pretended to agree with them and arranged to meet them the next day. The men failed to appear at the agreed place. On 1 August 1946, these men again approached the German Railway Policeman and informed him that at a certain address he would find twenty cartons of cigarettes, twelve packages of sugar, eighteen packages of coffee, twelve cartons of chocolate, one case of cocoa and 37.000 marks.⁷³

While the local populations could control the terms of exchange on the trains, through stealing, the arrival of the contents at the mess hall returned control to the Americans. Food was so valuable as a black market commodity that operators risked apprehension by railway police, the exchange of gunfire, and death, to seize it from train cars. It was so valuable a commodity because Germans could not survive on ration cards; the licit economy could not furnish Germans with the calories they needed. Atina Grossman notes that housewives, considered “unproductive workers” and receiving the lowest ration card, resorted to foraging in the countryside and whatever they could trade for food on the black market as “quite simply the only viable economy available.”⁷⁴

⁷³ “Intelligence Bulletin No. 14,” 8/15/46, in *Intelligence Bulletins*, Box 1159, 7

⁷⁴ Steege, 41-42; Grossman, 76.

What they could trade for food and coal, in many and perhaps most cases, was themselves. A prostitute taken before a magistrate on charges of moral turpitude stated, “Yes, this is how I live. And I am...happy because my friends provide me food and clothes to wear.” Later on, she related that “On Sundays, I had to go foraging for potatoes, or to get wood from the forest....Now I finally want to live for a change.” Prostitution provided this young woman with not only necessary calories, but luxuries like chocolate, coffee, and clothing. By 1946, at least a half million women were selling sexual favors to survive. A British private remembered, “I felt a bit sick at times about the power I had over that girl. If I gave her a three-penny bar of chocolate she nearly went crazy.” Second Lieutenant Christopher Leefe, also in the British Army, wrote that “...as well as food we used to take briquettes of coal to our girl friends in Agustaplatz. And in return for those gifts, courtesy of the British Army—which kept them alive, really—they would let us sleep with them.” Such use of official army stores constituted illicit activity because they were either rationed or controlled goods, to which Germans were not entitled access.⁷⁵

German women were the best positioned relative to other Germans and displaced persons to exploit the American largess, locked in trains and distributed to the messes and Post Exchanges. Nonfraternization policy had quickly become a dead letter. Sixth and Ninth Army intelligence bulletins from the spring of 1945 reported a “surprisingly large” number of women accompanying American soldiers in public spaces. On the ground, the American Army had accepted the reality and begun establishing

⁷⁵ Malzahn, 102; Botting, 250-251; Hilton, 482.

prophylactic stations and mandating reports of “the contraction of venereal disease.” Solutions for enforcing nonfraternization were ludicrous. These included forcing female DPs to wear an armband to differentiate them from German women, and posting billboards every fifty yards along roads admonishing that troops “Don’t Fraternize.” A Judge Advocate for SHAEF noted pointedly “Soldiers will fraternize in the manner indicated, in spite of any rules to the contrary, and should they, fearful of being tried by court martial for such fraternization, avoid the use of prophylaxis or checkup, venereal disease may become rampant and completely out of control.” *The New York Times* reported in June 1945 that “a CIC detachment was reportedly sent to watch a security guard detachment that had been detailed to shadow an MP private who was suspected of flirting with a German girl.” Compounding difficulties with enforcement, the French and Russians placed no such restrictions upon their soldiers. Policymakers in the Army could not have tried better to create a situation wherein soldiers considered themselves specific targets of an unfair standard whose purpose was “to give the brass the first crack at all the good looking women.”⁷⁶

Americans gave up their government-issue food for sexual intercourse, for a date or companionship, and if it developed in the course of things, affection and love. But the food that the soldiers provided was the property of the United States, and as such, was a controlled good meant only for their own consumption, and not permitted for transfer to native inhabitants. Army regulations notwithstanding, soldiers continued to trade their own rations, chocolate and coffee purchased from the PX, hot meals from

⁷⁶ For a discussion of fraternization policy, see Ziemke, 321-327.

the mess, and meat and produce from kitchen stocks. An act of misappropriation was contingent upon intent. An American working at, or having some form of legitimate access to, a mess could purchase food for himself. However, if an American used his mess access to take food or a meal without paying for it, or having purchased it, to provide it to a member of the occupied population, he was guilty of misappropriation.⁷⁷

Two investigations shed light on misappropriation of government foodstuffs as a type of illicit supply in occupied Germany. The first is the October 1946 court martial of an American mess supervisor, Technical Sergeant William Cataldo. Cataldo was the subject of an investigation by the 822nd Military Police Company, stationed in Berlin. This investigation revealed that Cataldo, in the course of his duties as mess supervisor, had removed rations from the mess pantry without authorization. Cataldo had provided food to a German woman in October 1946, and in August, had used misappropriated rations from the mess to secure an apartment for another girlfriend. He was referred to the Trial Judge Advocate for special court martial upon the former charges, but the August incident was included as evidence at his trial. The second investigation is the subject of an inspector general's report from April 1948. In July 1947, Francis J. Belluscio, a civilian employed by the Department of the Army with United States Forces, Austria (USFA), was assigned to the Allied Secretariat at the Allied Commission Building in Vienna in a supervisory capacity. Belluscio took advantage of his position to divert hot meals and coal from the mess for his fiancée. The Cataldo and Belluscio cases demonstrate both that misappropriation constituted a form of illicit supply to the

⁷⁷ Bryant, 48, 88.

indigenous populations of Germany and Austria, and that this form of illicit supply relied upon the existence of a relationship—usually an intimate one—between an American and a local. The cases also reflect the context of scarcity in which these relationships occurred, as the men supplied, and the women accepted, food from American government sources. Food was a valuable commodity among civilians, and, with respect to Cataldo and Belluscio, a relationship with an American provided them indirect access to the premier source of American rations: the American mess.⁷⁸

William Cataldo was inducted into the Army in October 1944 in Pennsylvania. After VE Day, he was stationed in Berlin with occupation forces. Prior to his Army service, he had been a cook, and the Army put this skill to use. Cataldo was detailed to the Mess Section, and assigned to the Ihnestrasse Civilian Mess as the mess supervisor in June of 1946. As a mess supervisor, Cataldo, beyond his duties as head cook, had at his disposal a staff of Germans. The Germans were responsible for providing service at the mess hall: working the stockroom, washing dishes, and transporting food to and from the mess as Cataldo dictated. Cataldo performed inventories of the mess pantry and determined how much food was needed per meal period, which food his staff would cook for Americans drawing their rations from the Ihnestrasse kitchen. Cataldo's supervisor was the Mess Officer, Captain A.G. Meyer of Berlin Command, Mess Section.⁷⁹

⁷⁸ "Special Court Martial of William Cataldo," 11/1/1946, in The Staff Judge Advocate: Special Court Martial Case Files, 1947-48, RG260, Box 27, hereafter referred to as "Box 27"; "Report of Misconduct of Mr. Francis J. Belluscio," in U.S. Forces Austria, Inspector General Section: Reports of Investigations, 1946-1955, RG260, Box 427, hereafter referred to as "Box 427."

⁷⁹ Information sheet for William Cataldo, Box 427; "Record of Court Martial," Box 427, 8.

Cataldo distinguished himself as an efficient and hard worker. In his efficiency ratings Cataldo maintained a rank of “Excellent,” and in the summer of 1946, Meyer saw fit to recommend him for a promotion from Private First Class to Corporal; Cataldo’s commanding officer promoted him to the rank of Technical Sergeant and he received a simultaneous promotion to Mess Sergeant. Meyer remarked that “He performed his duties very well. Was always punctual and could be depended on. If I told him to do something, before I could check, it would be done.”⁸⁰

Captain Meyer alone could authorize the removal of food from the mess. Mess drivers would take this food to nearby mess halls or the local motor pool. Meyer instructed his staff that they could not remove items from the stockroom without his permission, and that taking food from the mess to German homes was prohibited. German consumption of mess food stocks was circumscribed. The court transcript reads, “It is my understanding that if a person has domestic help in the house, they can get the rations.” Meyer replied, “Not from the mess hall. German civilians cannot take it to their homes. They have to take it to where they work and keep it there.” Meyer affirmed under questioning that he had never made an exception to the food prohibition for German homes, and that Cataldo had received these instructions. In his absence, Meyer would authorize the Mess Sergeant to act on his behalf. In effect, this permitted the Mess Sergeant to order the removal of food from the stockroom without the authorization of the Mess Officer. Were he so inclined, the acting Mess Officer could use his position to expropriate rations, unimpeded by his superior. On October 11, 1946,

⁸⁰ “Record of...,” 8.

Meyer was away from Ihnestrasse on business, and William Cataldo was the acting Mess Officer; Cataldo called the 822nd MP Battalion to report the theft of a case of peaches. The subsequent investigation would implicate Cataldo in multiple acts of misappropriation. The record indicates that in three instances, Cataldo engaged in misappropriation of food from the mess pantry. In each instance, this misappropriation occurred as a direct result of his interest in a woman.⁸¹

Cataldo's troubles began when he met a German woman, Martha Donner, during the summer of 1946. Cataldo was apparently so taken with her that he felt compelled to provide her with an apartment, or at least acquire a place where they both could go when they wanted to spend evenings together. To this end, Cataldo asked Gerd Knast, a German who had been working "as kitchen help" that summer, whether he knew of an apartment he could rent "for two or three months for his girl." Knast contacted a friend whose fiancée did his laundry, Kurt Braack. Braack had gone blind and fortuitously for Knast and Cataldo, was bedridden in the hospital, leaving his apartment vacant. Knast related

After a conversation with Braack, I told Cataldo I had a room for him, he found it satisfactory. He agreed to give to Braack rations to pay for the use of the room. The price was not set between me and Braack, but was decided between Cataldo and Braack. I, however, knew that Braack could only rent out the room until he returned from the hospital.

⁸¹ H. Dorn, "Report of Investigation," 10/21/1946, Box 427, 1-5; "Record of...", 10-11.

However, I do know positively that Cataldo did not give Braack cash, but did give food stuffs. As far as I know Braack received goods twice.⁸²

In his oral testimony, Braack acknowledged that he rented the room to Cataldo, but specified that this occurred in September. Cataldo explicitly requested a room for the summer, and a friend, Sergeant Sanford Prince of the Mess Motor Pool, recounted that he dined with Cataldo at Braack's apartment in August. Cataldo and Knast corroborate this assertion; as such, it seems certain that Cataldo had use of the apartment for at least August and September. There is no evidence to ascertain whether Donner used the apartment furnished to her. As payment for the room, Cataldo gave Braack a ration issue of corned beef, roast beef, loaves of white bread, and some coffee. Cataldo later delivered another box containing a loaf of bread and some sugar. Braack and his fiancée ate the food, but given Cataldo's known connection with Innestrasse Mess, Braack must have been dissimulating when he affirmed that "they accepted these things without any thought as to where they came from." Braack would not have accepted the food in payment if it were without value, and the only reason the food had value was that Germans like Braack could not get such food licitly. The food which Cataldo offered Braack originated from the Innestrasse Mess storeroom, and was the property of the American government. Therefore, its removal constituted an act of misappropriation.⁸³

The two issues of mess rations which Cataldo supplied Braack in exchange for the room constitute the first instance of misappropriation in this case. Cataldo had

⁸² "2nd Interrogation of Nast," 10/16/1946, Box 427, 1.

⁸³ "Statement of Nast," 10/15/1946, Box 427; "2nd Interrogation of Nast", 1; "Verbal Statement of Kurt Braack," 10/17/1946, Box 427; "Statement of Sgt. Sanford Prince," 10/21/1946, Box 427; "Statement of Sgt. William Cataldo," 10/17/1946, Box 427, 1; Bryant, 88.

received orders from Captain Meyer forbidding the transfer of food from the stockroom to the homes of German civilians; Germans could only consume American food both if they were employed by the Americans and were at their place of work. This allowed Americans to control the conditions under which Germans had access to this rationed good. Furthermore, the circular “Troop Participation in Black Market Trade” expressly forbade the exchange of any rationed items “to Germans and civilians in the U.S. zone of occupation.” The Adjutant General’s office interdicted the trade or selling of items purchased at the Post Exchange, and the AG also divided allowances into classes. Americans, civilian and military, were part of Scale A. Implied was the idea that the ration and PX allowances of one class did not transfer to another. Access to food at the Ihnestrasse Mess could only be secured by presenting appropriate credentials indicating the user was entitled to American military rations. Army Circular 56 mandated that “Sales to personnel listed under Scale “A” will be made by unit exchanges only on presentation of an official Army Exchange ration Card—European Theater.” There was no way for a German to acquire legitimate access to American foodstuffs outside his place of work. Cataldo could not provide mess rations to Braack without violating this interdict, which he had done by transferring American property outside of official channels for use by an unauthorized person.⁸⁴

Taking inventory in the mess stockroom provided Cataldo numerous opportunities to illegally appropriate food, and his speculation did not stop after the exchange with Braack. During August, Cataldo and Donner used the apartment to host

⁸⁴“Troop Participation...”; “Army Circular No. 56,” 4/27/1946, in RG389, Box 1175.

Sergeant Prince and his girlfriend, Ursula. On that evening, Cataldo recounted “We ate food that I had brought from the Ihnestr. mess and that Sgt. Prince had brought.” Prince, however, had received permission from the manager of the Motor Pool Civilian Mess to take rations to his billet every Sunday. The food that Prince provided was part of that allotment. Cataldo’s statement does not specify whether he received permission to remove the rations he provided for dinner, but considering his previous filching, a line in the statement suggests that the removal was unauthorized: “I have taken no food from the mess since.”⁸⁵

Cataldo’s final recorded instance of illegal appropriation occurred on October 11, 1946. The court martial was convened to try this instance of theft. Once again, a love interest impelled Cataldo’s unauthorized removal of rations from the stockroom. Cataldo apparently was fickle in love, considering the alacrity with which he shifted allegiance from Donner to his new interest. Ilse Muenzberg found work with the Americans as a kitchen hand in early August. She recounted that “On 25 September 1946, I met this one for the first time. We frequented an American club and met one another often in the club on the Botanical Gardens, too.” They took each other’s company for about a month; heretofore, Cataldo had not provided her with any contraband from the mess. Eventually, intent upon providing a pledge of his affection to Ilse, Cataldo once more pilfered from the stores at Ihnestrasse Mess.⁸⁶

On October 11, 1946, Cataldo performed his afternoon duties in the stockroom. He requested the assistance of a kitchen hand, Fritz Weber, in removing mess rations for

⁸⁵ “Statement of Sgt. William Cataldo,” 1.

⁸⁶ “Statement of Ilse Muenzberg,” 10/16/1946, Box 427.

his personal use. Colloquially, this action is referred to as “giving down,” the laying aside of rations for purposes other than distribution to authorized consumers at the mess hall. Weber remarked, “I had to give ‘down’ several cases which were for the ration of a Fraulein.” The mess driver, Hans Wuestenhagen, took Cataldo to Muenzberg’s address at 47 Lichtenrader Strasse. Wuestenhagen recalled that Cataldo had in his possession a package and a box that were standard cartons for the transport of rations, and that Cataldo did not return with the cartons when he reappeared outside Muenzberg’s apartment. Muenzberg testified

On Friday, however, he brought a carton containing some food in cans to my home. I did not count the cans. Cataldo brought some flour in a paper-sack to me, too. A small bag which also was in the carton contained some sugar. Cataldo only put the items at my home and left the house. I still accompanied him downstairs. Here I saw that the Mess-driver Wuestenhagen had driven him to Berlin-Neukoelln. Cataldo said to me that the food was definitely for me.⁸⁷

Cataldo implicated himself in his testimony, confessing that “I took flour, sugar, peaches, fruit juice, peas, meat, pepper, tea, tomatoes and bouillon cubes.” The court found Cataldo guilty on a charge of misappropriation, specifying that Cataldo did “Knowingly and willfully misappropriate certain food stuffs....of a value of three dollars and twelve cents (\$3.12), property of the United states, furnished and intended for the

⁸⁷ Ibid.

Military Service thereof.” He was sentenced to one month of hard labor and a thirty percent reduction in pay for a “like period.”⁸⁸

William Cataldo engaged in three known instances of speculation of mess stores, which actions constituted misappropriation of government property. Cataldo diverted this food to German civilians, despite contemporaneous theater directives prohibiting the transfer of American materiel to Germans, making such supply of American goods illicit. The existence of a reciprocal relationship is central to an understanding of this kind of transaction. Donner and Muenzberg were young women, and for Cataldo, the proffered food served not only as a token of affection, but as an invitation for more meetings, for sexual relations. Cataldo arranged for a second apartment, which he provided Donner, indeed, one that he visited only a few times. Muenzberg relates that after *two weeks* of courtship, Cataldo visited her address unannounced, offering a package of rations for her private use. Quite simply, young women existed at the top of a hierarchy of access to American goods, and reaped the benefits. With an American boyfriend came the promise of food beyond the ration card, and the comforts of chocolate and cigarettes. This connection to an occupier shielded the woman from the need and penury that existed around her. Food scarcity drove even mothers and war widows to engage in fraternization; the alternatives were scrounging and trading possessions for food on the black market to provide for children. Fritz writes that “If many GIs sought the company of German women for sexual reasons, without doubt

⁸⁸ “Record of...”, 1; “Statement of William Cataldo,” 1; Charge Sheet for William Cataldo, 11/1/1946, Box 427.

many *Ami-liebchens* (GI sweethearts) pursued a relationship for material gain....” A popular German song from 1945 reflected this sentiment,

Do you live on (ration) card 3 baby, or do you have something else on the side, baby, a Jack, a Jim, from overseas, with chocolate and coffee and a large wallet with proceeds? Don’t be so serious about love, baby, for a GI has so much more, baby, if he says ‘I love you,’ don’t say no, baby, just move to the land of the calories.⁸⁹

American occupiers accepted this arrangement with alacrity. Fritz notes the observation of James O’Donnell in the December 1945 issue of *Newsweek*, “American soldiers pay no attention to German men. To German women, they do.”⁹⁰

In possession of food and other luxuries, and with the defeated and absent German man as a foil, the American soldier laid claim to a portion of the German female population—food and cigarettes had conferred power and prestige on the American soldier. William Cataldo was just one of these soldiers, but his access to an American mess provided him yet more status—he was where the food was. Martha Donner and Ilse Muenzberg understood, as did other German women with their GI sweethearts, the benefits that could accrue to them in associating with Cataldo. Indeed, for Ilse, working at the mess did provide her American rations, if only onsite during her shift. For those Americans lucky enough to staff it, the mess afforded many inducements with which to woo a girl whom one fancied. For Donner and Muenzberg, their relationships with

⁸⁹ Fritz, 208.

⁹⁰ Grossman, 74-76; Fritz, 207-208.

Cataldo, though transitory, bought them access to the abundance of the American mess. Cataldo, like many soldiers providing their rations to attractive women, was more than willing to supply food without regard to material profit, and Ilse and Martha were more than willing to eat the food so supplied. When a proscriptive Army circular or theater directive had to compete with the affection of a young woman, the American supplied his rations, and the GI with access to the mess kitchen opened the pantry. The next case, an investigation of the misconduct of Francis Belluscio, demonstrates that misappropriation as a form of illicit supply, a potential consequent to such mess access, was used not only to cajole and court a woman, but also had its place in more long term concerns.

Francis J. Belluscio was stationed with United States Forces, Austria, in Vienna starting in September 1946. As a First Lieutenant in the Army, Belluscio apparently distinguished himself to his superiors. On January 22, 1947, Belluscio received an honorable discharge from the Army in order to take a position as an administrative officer for Special Troops Section, USFA, renewed annually as part of his contract. On June 27, 1947, Belluscio was transferred to the Allied Secretariat at the Allied Commission Building as an administrative officer. The chain of command, however, was unclear. Because USFA Headquarters were located therein, the Allied Commission Building and its corresponding mess were under the operational jurisdiction of the United States Army, Headquarters Commandant. As an administrative officer of the building, Belluscio was employed by the Department of the Army through the Civilian Personnel Section, administratively responsible to the HQ Commandant, Colonel John

Jenkins. However, the Allied Secretariat, which housed the Allied Control Council responsible for the quadripartite administration of Austria, was also located in the Allied Commission Building. As a result, on a day-to-day basis, Belluscio found himself functionally and directly responsible to Secretary Harold Pomeroy, who represented American interests on the Allied Control Council. Pomeroy was himself responsible to Jenkins. This arrangement caused a great deal of confusion, and the Inspector General, Major Fred Irwin, did attempt to ascertain the chain of responsibility regarding Jenkins-Pomeroy-Belluscio, but Irwin never demanded a direct clarification. However, this perplexing working relationship confounded even the men themselves, as is painfully obvious from Colonel Jenkins's attempt to explain Pomeroy's connection with the mess hall at the Allied Commission Building. Jenkins confirmed that the mess "operated under his supervision," and then attempted an explanation of Pomeroy's position in this hierarchy.

Well, he had charge and general supervision of that building, and the mess is part of that. In other words, Mr. Belluscio was really an employee of his as well as mine. He wasn't directly under me—see, what I mean, I deal with him frequently on matters for Pomeroy, but he was really under Mr. Pomeroy and Pomeroy was under me. But I did see considerable of Belluscio in matters pertaining to that building.⁹¹

⁹¹ Maj. Fred Irwin, "Interview of Col. John Jenkins," 4/8/1948, Box 27, 43. Because Irwin conducted all interviews for this investigation, subsequent citations of interviews in the Belluscio investigation will not include Irwin's name.

The building was actually under the supervision of the Army, but its care fell to Pomeroy; the record does not state how the Secretariat and the Army negotiated this understanding. Belluscio, and the enlisted men with whom he worked, believed that Pomeroy was a difficult superior, and there are intimations, at least from Belluscio and his staff, that Pomeroy did not respect his purview as Allied Secretary in pursuing an investigation against a civilian under the jurisdiction of the Army. Belluscio noted pointedly that he felt it necessary to remind Pomeroy that he worked for the Headquarters Commandant, not the Allied Secretariat.⁹²

Belluscio maintained his position as administrative officer at the Allied Commission Building from June of 1947 to February of 1948. Belluscio's actual duties were ill-defined. He was responsible for the maintenance of the building, as an employee of the Headquarters Commandant. In his testimony for the investigation, Belluscio remarked only "I ran the building, and I actually represented the four powers there as administrative officer. See, before I was there they had two officers; one acted as mess officer and the other one ran the building." It is not certain how Belluscio "represented" the four powers. Because he provided some kind of maintenance for the whole building, it is plausible that agents of all four powers—the Russians, Americans, British, and French—came to Belluscio with concerns about its operation. Notwithstanding his protests to the contrary, in practice, Belluscio's main concerns were the smooth operation of the mess hall and the entertainment of the Allied Commission when it was in session. Jenkins stated that Belluscio "was running the mess."

⁹² Maj. Fred Irwin, "Report of Investigation of Mr. Francis J. Belluscio," 4/21/1946, Box 27, 1-2; "Interview of Francis Belluscio," 4/7/1948, Box 27, 27; "Interview of Col. John Jenkins," 42-43.

Moreover, since the Army had combined the duties of the building and mess officer, Belluscio in fact retained charge of both. The Allied Commission Building housed the secretariat for all four occupying powers in Austria, and the upkeep of the building devolved on each country for three months out of the year, which constituted a country's period of "chairmanship." In practice, the mess became an American concern, regardless of who held the chairmanship; hiring for the mess occurred through the American section of the Allied Secretariat. The Americans held the chairmanship from December of 1947 through February of 1948, and Belluscio controlled the daily operations of the mess at this time.⁹³

The events recounted here cover the winter of 1947-1948. The investigation undertaken by the Inspector General's Department occurred in April 1948. The investigation examined the validity of charges proffered by Harold Pomeroy in March, regarding the tenure of Francis Belluscio as director of the Allied Commission building mess. Pomeroy charged Belluscio with numerous acts of misappropriation stemming from his association with the Allied Commission mess hall: misappropriation of food, the diversion of coal intended for the use of the Allied Secretariat, and a pattern of nonpayment for personal meals taken at the mess. Transcripts of interrogations of those involved with the operation of the mess and the Allied Commission Building reveal a tentative tone in leveling charges at Belluscio. Pomeroy labeled Belluscio's actions "indiscretions," and Jenkins hedged on his assessment of Belluscio's behavior when discussing the allegations of misappropriation. Reading between the lines, it is obvious

⁹³ "Interview of Belluscio," 25; "Interview of Jenkins," 42, 45; "Interview of Michael Schneider," 4/7/1948, Box 27, 14.

that Jenkins had reservations concerning the assertions of the Secretary, but he felt compelled to support Pomeroy's position lest he upset the chain of command and undermine his subordinate's authority. Jenkins considered Pomeroy in the best position to assess the situation, as he had regular contact with Belluscio in the performance of his duties. Jenkins remarked "...you've got to go with the man in charge of it, so I said that I would back the action recommended by Pomeroy." This hesitancy resulted from a heretofore unblemished service record, the superior quality of the mess under Belluscio's tutelage, and the fact that Belluscio was well liked by his colleagues. The record clearly shows that Belluscio exploited his position at the Allied Commission mess to divert food and coal for the use of his fiancée, who had recently given birth to a child. Based on preponderant evidence in the testimony, Irwin concluded that Belluscio's actions were the result of his involvement with this woman. The findings of Irwin's investigation support the contention that misappropriation constituted a form of illicit American supply of rationed goods to the occupied population, and that such misappropriation occurred when an American formed a relationship with a (usually) German woman. Given Belluscio's excellent service record, Irwin concluded that were he not concerned with the support of his fiancée, he would have little motive to steal and divert government supplies.⁹⁴

Irwin premised the investigation of Bellusico's misconduct upon his relationship with his fiancée. Irwin asserted, "Most of Belluscio's troubles appear to have arisen from his association with Mrs. Elsa M. Sehnke, a German national, with whom he has

⁹⁴ Col. W. Urbach, "Recommendation for Removal from Civilian Employment," 3/25/1948, Box 427, 1-2; "Interview of Capt. Charles Daniels," 4/13/1948, Box 427, 55-56; "Interview of Jenkins," 43-44.

been living for about two years.” Belluscio met Elsa Sehnke in the fall of 1945. Belluscio recounted that they made one another’s acquaintance while she was working at an officer’s club which he frequented. Sehnke had departed Germany for Austria to escape the Allied bombing of Dusseldorf, and took up work as an interpreter for the Department of the Army in Vienna. Belluscio made known his romantic interest, and the two courted and took up residence together at her apartment, while Belluscio kept up his old residence to comply with Army billeting regulations. Sehnke became pregnant in the spring of 1947, and Belluscio applied to USFA Headquarters for approval to marry her. The Army denied the application on account of two instances of theft in 1941 and 1943, uncovered in the course of a Counter Intelligence Corps investigation pursuant to Belluscio’s application for marriage. The record demonstrates that Sehnke’s pregnancy precipitated Belluscio’s dereliction in misappropriating food and coal from the Allied Commission mess.⁹⁵

Harold Pomeroy only gradually became cognizant of Belluscio’s misconduct. Pomeroy had been Chief of the Allied Secretariat, US Section, since September of 1945 and was discharged from the Army, having attained the rank of colonel; he continued in his position as a civilian from June 25th, 1947. Belluscio and Pomeroy maintained a tense working relationship, the result of an intuition on the part of Pomeroy that Belluscio was not to be trusted. Pomeroy told Irwin “I was unfavorably impressed, for the sort of a thing that does not reduce itself to anything factual, but a general feeling of a lack of confidence in the person.” Events confirmed this sentiment, as sometime

⁹⁵ Irwin, “Report of Investigation...,” 2-3; “Interview of Belluscio,” 30; “Interview of Teresa Snizek,” 4/9/1948, Box 27, 47.

between December 20, 1947, and mid-January 1948, Pomeroy observed food being removed from the mess and taken away “in a jeep belonging to the administrative office.” Pomeroy queried the Mess Sergeant, John Troy, regarding the incident. Troy answered reluctantly that the noonday meal had been taken to Sehnke on Belluscio’s orders, and Pomeroy subsequently dropped the matter; his suspicions returned in late January, in connection to a request for coal. Pomeroy was hosting an official function at his residence, and his requisition for coal did not reach Headquarters in time for this event; he asked the administrative office of the Allied Commission Building to spare him two bags, “to be returned the moment that my fuel was delivered.” A member of the mess staff seemed surprised at Pomeroy’s insistence, stating “Well, why do you consider it necessary to return it? This is American coke that’s being brought in here during our month, and Belluscio takes his all the time.” Pomeroy now decided to pursue an inquiry into Belluscio’s actions, and gathered more information through discussion with Sergeants Troy and Nicholas Dattilio, who were the principals on Belluscio’s mess staff. On the basis of these discussions, Pomeroy forwarded a formal complaint to the Adjutant General’s Office, which concurred in the termination of his employment and dispatched Major Fred Irwin of the Inspector General’s Department to ascertain the nature and extent of Belluscio’s misconduct.⁹⁶

Though limited in its duration, the misappropriation alleged in the complaint was extensive. The complaint—supported by the Adjutant General—charged that “nearly

⁹⁶ There was an additional charge that Belluscio had intentionally misreported the number of cigarette cartons his mess received from the commissary during the period of American chairmanship, but Pomeroy himself noted that there could be innocuous reasons for the discrepancy; Irwin did not include this charge in his report for the Belluscio case. “Interview of Harold Pomeroy,” 4/20/1948, Box 27, 59-60; Col. W. Urbach, “Recommendation for Removal...”.

every working day” from December 21st to January 31st, Belluscio had ordered an Austrian employee to drive a noonday meal from the mess to his fiancée. “There is no regulation or practice in the Allied Commission mess that could possibly lead Mr. Belluscio to believe that it was proper for him to do this, either with or without payment.” On three occasions during the same period, Belluscio had directed Austrian drivers to deliver coal “by Army vehicle to the billet of his fiancée.” Also during the five weeks in question, the complaint charged Belluscio with taking a daily meal in the mess without payment. The qualification regarding payment for the meals delivered to Sehnke is important, as it reveals that Pomeroy’s true concern was not the stealing of the meal. In his questioning, Irwin phrased the government’s interest thusly: “Mr. Belluscio took advantage of his position to divert certain things to his own private use.” The most egregious offense, in Pomeroy’s opinion, was the misappropriation of government property—Belluscio had used his authority over the mess to divert goods to someone not entitled access to them. Even if Belluscio had paid for the meals, their subsequent distribution was unauthorized and sanctionable.⁹⁷

Of Pomeroy’s charges, the Inspector General’s Department was most concerned with the diversion of hot meals from the mess for Sehnke’s consumption. Mess Sergeant John Troy explained that Belluscio “...ordered my storeroom man to have a hot meal taken up to his—oh, to his place, which was a mile and a half from the building, and my storeroom man spoke to me about it every noontime....” Troy realized that this practice was, at a minimum, irregular, but felt constrained by his subordinate position. “Well,

⁹⁷ Col. W. Urbach, “Recommendation for Removal...”; “Interview of Technical Sergeant John Troy,” 4/7/1948, Box 27, 2.

he's the officer in charge—it's his responsibility; there's nothing I can do about it; as long as he orders it he will have it." An Austrian kitchen hand prepared the meals and gave them to the mess driver, who delivered them to Sehnke's flat. Troy reckoned that this occurred for a few days at the end of December, and all but eight days in January. Troy was certain that Belluscio had not paid for the meals he misappropriated, because there was a regular system for payment "so as to show it on the books," which Belluscio did not utilize. Moreover, Belluscio, according to Troy's calculations, took "13 complete meals without paying" while working at the mess during the time of American chairmanship.⁹⁸

The investigation uncovered that Belluscio understood the illegality of his actions. The Austrians Michael Schneider, on kitchen staff, and Raymond Petlach, the mess driver, testified that Belluscio attempted to convince them that the meal deliveries were regular and authorized. Schneider worked under Sergeant Troy, and confirmed that Troy had resigned himself to acquiescing in the diversion of a noonday meal. Beyond hot meals, Schneider divulged, Belluscio would also include leftover baked goods from Control Council meetings. Belluscio told Schneider, "I'm the chief now," and "I am to give you orders, and I do not want to do anything which is against the American government." Thenceforth, Schneider supposed that if a direction came from Belluscio, it constituted a legitimate command. "That's what he told me, so I thought it is alright, if he orders anything to me, I'll fulfill his orders." Schneider maintained he was simply following orders; he enthusiastically placed responsibility with Belluscio,

⁹⁸ "Interview of Troy," 2-5.

and presumably reaffirmed his innocence, in his final statement to Irwin: “I never have given anything away unless it came from Mr. Belluscio; that’s all I have to say.”⁹⁹

Petlach revealed that Belluscio also sent meals to Sehnke during September. Control of the Allied Commission mess returned to the Americans in December, and with Belluscio in charge, the deliveries resumed. Schneider would have the meals packaged and waiting for Petlach, and Petlach would take them to Sehnke’s apartment on the Gersthofferstrasse. Sehnke received four meals weekly in this manner, and when she entered the hospital on the 29th of December, Petlach delivered a mess meal there for ten days straight. When she returned home with her daughter, meal deliveries occurred on the same basis as in December. Petlach concurred with Schneider’s assertion that Bellsucio ran the operation, and told Irwin “...without order of Mr. Belluscio I could not leave [the mess].” Too many people working at the mess were aware of Belluscio’s diversion of meals to his fiancée for him to survive the investigation without sanction. Furthermore, because Belluscio ran the mess, he lay exposed to his subalterns’ charges; everyone in the Allied Commission mess could truthfully place responsibility with him. These men did as they were told for the sake of their jobs, and only Belluscio would have an interest in delivering hot meals to his pregnant fiancée.¹⁰⁰

The Inspector General’s Department also looked into Belluscio’s illegal diversion of coal. Pomeroy appeared to have understated the amount of coal which Belluscio misappropriated; the complaint alleged that at least three sacks of coal were

⁹⁹ “Interview of Schneider,” 14-16.

¹⁰⁰ “Interview of Raymond Petlach,” 4/7/1948, Box 27, 11-12; “Interview of Schneider,” 15; Irwin, “Report of Investigation...,” 2.

taken from the Allied Commission Building and delivered to Sehnke. Irwin established that “During December 1947 and January 1948, Mr. Belluscio wrongfully diverted approximately one thousand pounds of coal from the Allied Commission Building...” and had this amount delivered to his fiancée. Pomeroy ascertained only that “there had been a few sacks of coal taken out,” and did not pursue his inquiry further. Sergeant Troy had discussed the matter with Petlach, whom Belluscio had further engaged to make the transaction with the coal, and asserted that the quota was three sacks of coal a week for three weeks. Petlach verified Troy’s estimate, stating he delivered “about two to three fifty kilogram bags a week,” for about a month. Troy feared that the removal of the coal would have broader repercussions, because while the food for the mess was solely the property of the American government, the coal was provided in equal measure by each of the occupying powers. As a result, Belluscio was very likely stealing from stocks furnished by each country on the Allied Control Council.¹⁰¹

Belluscio’s defense of his own actions immediately collapsed. In his reply to Colonel Urbach’s “Recommendation for Removal from Civilian Employment,” he justified his misappropriation, but at the cost of inculpating himself. Bellusico wrote “My resort to sending the convalescent some food was done without any subterfuge. This may have happened about fifteen times, after the first of the New Year and not as implied nearly every working day between 21 Dec-31 Jan.” He had now proven the government’s case, regardless of whether or not the Inspector General’s Department would launch an investigation. Belluscio used the frantic pace of work as an excuse for

¹⁰¹ “Interview of Troy,” 6; “Interview of Pomeroy,” 66; “Interview of Petlach,” 12.

the diversion of food and coal to Sehnke. During the period of American chairmanship, not only had Belluscio acted as “Administrative officer,” but he also had charge of the kitchen and provided for the security of the Allied Commission Building. During US chairmanship, Bellusico worked a fifty-hour week instead of the forty hours his position normally entailed; he had asked neither for time off nor compensatory pay. As a result, “My duties at the Allied Commission Building during the US chairmanship month, made it difficult for me to take care of my family during the convalescence period of the baby’s mother.” However, Belluscio would not have found it necessary to resort to this argument had he not misappropriated food and coal in the first place, his reply to charges begging the government’s point of contention. Perhaps his work duties prevented him from providing for the care of his family, but he would not have had cause to misappropriate food and coal without a family to feed.¹⁰²

It is important to note that Belluscio did not send supplies to his apartment, but rather, to his fiancée’s. That Belluscio did not pay for the food and coal merely demonstrates that he was cheap and dishonest. Troy’s revelation that Belluscio filched his own noonday meals from the mess reflects this judgment. He was not in financial duress; a pay increase had accompanied his assumption of duties at the Allied Commission Building as a civilian, and his contract, which stipulated renewal annually, had been extended for another year by the Department of the Army. Pomeroy recommended, after securing Colonel Jenkins’s support, that the Army terminate Belluscio’s employment at the Allied Commission Building; Irwin concurred, and

¹⁰² “Reply of Mr. Belluscio to Charges,” 3/30/1948, Box 27, 1-2.

further recommended that Belluscio be returned to the United States immediately, but stopped short of recommending prosecution. Revealing that he was not pursuing the vendetta which Belluscio imputed to him, Pomeroy inquired after Belluscio's pending marriage approval and attempted to expedite it, even permitting Belluscio to stay on for a few weeks in hopes that he might return to the United States with Sehnke and their daughter. Pomeroy recounted

At the same time [after telling Belluscio he deserved no consideration whatsoever], I did let him—discussed with him—the critical personal situation he was facing, and the extreme difficulty he would have if he had to return to the United States suddenly and then try to get his fiancée to the United States with a child already born, and the embarrassment that would be in his own community; and I attempted to sort out with him some sort of an answer that would give him some chance to hang on temporarily at the Headquarters for a few weeks only in the hope that in a few weeks his authorization to marry would come through.¹⁰³

Pomeroy explained why he extended this grace to Belluscio, stating “This was the result of sympathy for two people I believe to be very much in love and for their child.” Pomeroy's inquiries yielded no results, and the marriage application was denied. Belluscio returned, alone, to the United States in the wake of the investigation.¹⁰⁴

The Department of the Army, in dispatching an investigator from the Inspector General's Office, signaled its concern with Belluscio's misappropriation. Belluscio had

¹⁰³ “Interview of Harold Pomeroy,” 64.

¹⁰⁴ Irwin, “Report of Investigation...,” 1-3, 5; “Interview of Pomeroy,” 61-64, 68.

supplied government materiel to persons not entitled to access it. Bryant argues that misappropriation in a military context is a serious offense, and as such is sanctionable, because of the peculiar mission of the military. Unauthorized distribution or reallocation is detrimental to the cohesion of the military's elaborate supply and requisitioning system and as such is inimical to the mission of the army. Belluscio, in diverting to his fiancée meals and coal already allocated to service members (and William Cataldo, in supplying rations to his girlfriends), disrupted this system. A meal that Belluscio supplied to Sehnke was a meal that a soldier could not consume, and the American Army had to make up the deficit; the same can be said for the coal. However Belluscio, though stingy and deceitful, wanted to provide his fiancée and newborn child with food and warmth, and he used his position at the mess to supply these comforts. Sehnke's relationship with Belluscio ward off the hunger pangs accompanying an "unproductive worker" ration card. Most importantly, Belluscio wielded purchasing power, but, when he felt unable to care for his convalescing fiancée and their newborn, he took advantage of his connection with the mess to provide the basic comforts of warmth and sustenance.

With limited resources available to a given unit, and in the context of the severe food and coal shortage in postwar Germany, the Army determined that distribution of government food and coal to unauthorized persons constituted an unacceptable transaction. Two realities on the ground in Germany detracted from the sanction of misappropriation. In March of 1946, General Lucius Clay argued to Washington in requesting more food aid for Germany that "there is no choice between becoming a

Communist on 1500 calories [a day] and a believer in democracy on 1000 calories.” Fearing this might not move the hearts of War Department bureaucrats, he aimed for their minds (by aiming for German stomachs!). “It is my sincere belief that our proposed ration allowance in Germany will not only defeat our objectives in middle Europe but will pave the road to a Communist Germany.” Clay was combating a critical food shortage through the machinery of government, and as has been described, the ration card system imposed by the governments was failing miserably. In these circumstances of scarcity, people sold and bought what they could on the black market, or foraged in the countryside and bartered with the resident farmers. Women, “needy, attractive, and eager to please,” as Atina Grossman writes, could access another avenue for survival, leveraging their sexual charms in order to meet American soldiers and civilians, who had access to Class “A” rations and the unrivalled purchasing power of dollars. American men gladly accepted the proffered companionship for food, and if a GI and a German woman fell in love, then the GI provided his rations on the basis of affection instead of supplying them on the strength of a sexual calculation; Grossman continues, “Very quickly, GIs concluded that if there had not been and ‘weren’t so many [German] men in Germany it would not be a bad country.’” Severe scarcity on the one hand, and an American’s chances for female companionship and intimacy on the other, created a situation where food misappropriation became pervasive as a form of illicit American supply; those Americans, like Cataldo and Belluscio, who worked in mess

halls were best positioned to exploit this circumstance. Sex and scarcity easily abated the force of military sanction.¹⁰⁵

The context of sex and scarcity is necessary to understanding misappropriation as a form of illicit American supply. This supply was predicated upon American soldiers providing their rations to the occupied population. This provision occurred in the context of a relationship with a local, usually a German woman. German women used their sexuality, and the offer of companionship to lonely American soldiers, as leverage in acquiring both necessities and material comforts. This placed German women in the “paradoxical position,” Petra Goedde notes, of being providers for their families while being a dependent to an American soldier. German women used their status as victims, as those needing protection, to take affirmative action in supporting themselves and their relations. This placed women at the top of a hierarchy of access to American goods. While they claimed this agency, they yet relied upon the willingness of the American soldier to give of his bounty; they did, and misappropriation of American supplies occurred on a large scale.¹⁰⁶

¹⁰⁵ For a discussion of misappropriation and its effects on the military, see Bryant, 71, 88-94; Lucius Clay, “Food Situation in U.S. Zone,” 3/27/1946, 184, from Lucius Clay, *Papers*; Grossman, 74;

¹⁰⁶ Goedde, 90-92, 106-108.

CHAPTER IV

AMERICAN SUPPLIERS: LARCENY

Both the Bremerhaven black market and the misappropriation of American goods depended upon the presence of an American soldier or civilian as an intermediary between the American installations whence these goods came and the indigenous populations to whom they were supplied. Supply through the black market required that Americans illicitly distribute their bounty in exchange for currency. The example of the Bremerhaven black market demonstrated how American cigarettes acted as a market currency, and only the Americans could supply this currency cheaply and in numbers commensurate to the support of the local economy. Without American materiel *and* American soldiers impelled by the lure of profit, the black market in Germany would have existed as a barter economy tied to the transfer of local goods among Germans and displaced persons. Petra Goedde writes, “The German underground economy to a large extent depended to a large extent on American GIs’ interest in exchanging food and cigarettes for luxury items.” Of course, not everyone from the indigenous population had the ability to sell or purchase large quantities on the black market, or, especially for men, the ability to use sexuality to ward off penury and hunger. There were many who wanted to enter the black market and sell for themselves, rather than negotiate with equally profit-hungry Americans. Some Germans and displaced persons, desiring to feed their families without giving up the month’s earnings, or enrich themselves by selling on the black market, actively eschewed the American middleman in their quest for a piece of the American abundance. The evidence suggests that most fell into the

latter category. Yet these men too—and they were mostly men—ultimately depended upon an American supplier as much as the displaced person did when buying on the black market from an American or the German woman whose *Ami-liebchen* supplied her food. These Germans found a way onto the black market, and a means to riches, in stealing from Americans. As such, they relied upon the American institutional presence—the depots, the motor pools, the hospitals—to acquire goods.

This chapter demonstrates the existence of a third type of illicit supply predicated upon an American presence, in addition to the two previously discussed: stealing from American installations. The desire to profit from black market activity simply motivated the decision to steal from American authorities. Although many Germans and displaced persons avoided an American intermediary by stealing from American installations, they still depended upon the presence of these installations to profit on the black market. A German or displaced person selling on the black market could do so because he had acquired American goods, which were only available as an ancillary effect of American occupation. As a result, their black market operations were contingent on an available supply of American materiel pilfered from American installations without “insider” consent or cooperation. Stealing from American installations was profitable because Germans and displaced persons could then divert the stolen goods to the black market. This chapter will first provide a brief exposition on the shortcomings of the official economy, a description of types of activity on the black market, and an explanation of how Germans participated in the black market.¹⁰⁷

¹⁰⁷ Goedde, 91.

At war's end, some seventy-three billion marks were in circulation. As inflationary pressure drove prices upward, the Reich found itself printing more bills. At the same time, the state adopted rationing policies to mitigate the effects of food and materiel shortages. This worried a German public that remembered Weimar that the mark would soon be worthless, a fear which in turn exacerbated inflation. OMGUS policy staff arrived in Germany faced with severely inflated prices for an ever-declining volume of purchasable items, so that "large quantities of cash were chasing small quantities of goods." To confront this problem, the Americans instituted price controls and rationing. The American and British occupiers chose to maintain controls established by German authorities, and in operating from these policies, the British insisted that they ought to be instituted as mandatory measures, not subject to debate by German civil government. It was in this context that a nascent black market flourished during the years of occupation. Richard Bessel writes that, "To a significant degree it was barter and the black market that formed the real economy of occupied Germany, rather than exchange at controlled, official prices." The official economy that existed was anemic, plagued by shortages and controls, and essentially bereft of the means to disburse raw materials. The experience of the American and British-sponsored administrative department that had charge of the German economy highlights this economic breakdown.¹⁰⁸

In September of 1946, the British and American zones established German-run administrative agencies headed by executive councils, corresponding to government

¹⁰⁸ Richard Bessel, *Germany 1945: From War to Peace* (New York: Harper, 2009), 372-373; Ziemke, 89; Clay, 192.

ministries. Eight ministers, one from each state under American and British control, sat on every council. The Economic Council attempted to address the severe shortage of raw materials, especially coal and steel. The council was hamstrung *ab initio* because it had neither legislative authority nor executive authority sufficient to promulgate decrees binding upon the member states. The unusually harsh winter of 1946-1947 proved particularly tough. The harvest did not suffice to feed the population of the American Zone. Exacerbating matters, a glut of Allied military marks (which circulated alongside old German Reichsmarks), precipitated by Soviet refusal to limit the use of American printing plates provided on good faith, sent inflation skyward, and led some Germans to secure what value remained in their savings through the purchase of postage stamps. Beyond this, import and export pricing for the German economy met with disapproval from European governments. Price controls pegged German exports to the dollar and imports to the Reichsmark. Thus, Italy, or Sweden, for instance, paid dollars for German exports, but accepted the Reichsmark for European goods. European governments attempted to sell agricultural goods—fruits and grain—to the Germans, which proved unwelcome to the Americans on two counts, first because Clay had reserved Germany's small dollar allotment for the purchase of raw industrial materials, and hence could not purchase food whose nutritive value could be provided in other ways, and second because the Germans themselves would have welcomed the introduction of fruits and vegetables into their thin diet; a refusal to purchase these luxuries was sure to be met with less than approbation from the German public. Bizonal policy forced European countries into accepting a worthless German currency, while paying for German goods

by the dollar. While other governments on the Continent grumbled about this inequitable exchange, Clay pursued price controls to prevent German exposure to the “international market,” as inflation was so rampant that prices in Germany “bore no resemblance” to the prices at which commodities were traded by other nations. A rate of ten American cents per Reichsmark was the prevailing exchange rate for American soldiers, but this rate was wholly insufficient for exporting goods. In this context, with European nations loathe to trade with Germany, American policy attempting to force these countries into accepting a discredited currency, inflation rates so steep that the Reichsmark was becoming valueless internally even with controls, and Clay having recourse only to a paltry store of dollars to purchase coal and steel, the black market flourished.¹⁰⁹

Wartime stocks of coal and steel had run out. In 1946, steel firms in the bizonal area had produced only half of their potential mined raw material quotas. Furthermore, this state of affairs left steel firms and ancillary industrial operations unable to increase productivity. Small firms complained that they received neither coal nor steel from the state-run distribution system. Desperately needing supplies, firms circumvented rationing controls, and began to barter with one another after material had been allotted. This was known as the “Compensation” economy, and its bartering created massive disparities of raw materials. The director of the Economic Council, Viktor Argatz, resolved to put the German economy back in order, but was ultimately unsuccessful.

¹⁰⁹ Ziemke, 404, 407-408; Clay, 196-197; James Van Hook, *Rebuilding Germany: the Creation of the Social Market Economy, 1945-1957* (Cambridge: Cambridge University Press, 2004), 131-133; Rundell, 39-40; Botting, 251; Roesler, 94, see footnote 13.

OMGUS military government detachments informed Argatz that the Economic Council did not possess a decretal authority, and could only publish regulations to which all member states had assented. The British indicated they would publish regulations that the council developed, but American insistence on state supremacy sank this plan. Dissension among states dealt a second blow—Bavaria balked at providing requested quotas of grain, and the Social Democrat from North Rhine-Westphalia, Erik Nolting, pushed to legalize the bartering in which the firms engaged. Until a satisfactory method of distributing scarce materials could be developed, bartering outside of the licit economy provided the best way for these firms to secure the wherewithal to meet and perhaps exceed their steel and coal quotas. The licit German economy was broken; the illicit economy was not, and black market business boomed.¹¹⁰

Until its abatement with currency reform in June 1948, the shadow economy existed in multiple permutations of black market activity. The postwar black market can be conceived as a spectrum of potential and realized activities and intentions, whose operators, in their exchanges, blurred the lines between legality and illegality, between the official and the underground economy. “Black market” is a blanket term, which covered a range of behavior and illicit exchanges on the postwar illicit economy. Hilton notes that OMGUS defined “illicit trade” as economic activity outside the “legal rationing and distribution systems,” and in addition to violating these controls, did not create tax revenue. It is a definition appropriate for policy purposes, and describes the black market as an economic phenomenon, but it lacks explanatory power because it

¹¹⁰Clay, 169, 196; Steege, 50; Ziemke, 404; Van Hook, 131-133; Bessel, 374.

neglects to describe the various types of transactions and behaviors that occurred in “illicit trade.” In *Black Market, Cold War*, Paul Steege delineates four types of exchange or behavior, which he adapted from a contemporary primer on the postwar illicit economy. This range of actions constituted most black market activity.¹¹¹

The first is underhand trade, which took the form of a demand for extra goods or services as a “prerequisite” for doing business. A grocer would request a pound of butter prior to distributing some vegetables he had acquired; a doctor might ask for a few cigarettes before giving a patient an x-ray. This did not constitute an exchange of rationed goods; rather, a potential consumer of the grocer or doctor would have to provide a rationed or controlled good simply to get access to whatever a seller was offering, either in the official or on the illicit economy. The second behavior is barter or trade in kind. In barter, there was an exchange of controlled and rationed goods “outside of the monetary economy,” so that no currency was involved. The post-distribution trading of raw materials by coal and steel firms described by Van Hook typifies this particular black market behavior. Items that could be put to use in Germany’s industrial sector often had controls placed on their distribution, specifying which entities could possess them and for what purposes. A car manufacturer might request a die in exchange for a car or a pallet of tires; a mining company might exchange coal for pumping equipment. Beyond this, of course, there was the barter economy in which individuals traded rationed goods—usually food—for whatever they had on hand, which

¹¹¹ Hilton, 482; Steege, 50.

was most active between farmers in the countryside and city dwellers who would provide cigarettes, wine, furniture, and jewelry in exchange for eggs and vegetables.¹¹²

The third type of behavior is black market trade, in which a rationed good (such as food or cigarettes) was exchanged for money. The experience of the merchant seamen in Bremerhaven is an example of this; the seamen left their ships with cigarettes, which they would exchange for the Allied military marks or Reichsmarks of a local inhabitant. At an Army post office, they could exchange this currency for dollars. Black market trade in cigarettes proved to be a sure source of remuneration for the American looking for extra money. It is important to note a distinction in terms: all forms of illicit exchange could be described as “black market.” However, the phrase “black market trade” refers *specifically* to the exchange of rationed or controlled goods for money. The final type of black market behavior enumerated by Steege is that of the German *gross schieber*, or “big operator,” which he defines cryptically as “professional” black marketeering or engaging in a racket. Essentially, the *schieber* made his wealth, on the black market, selling and trading in large quantities of illicit goods. The activities of a *schieber* could include any combination of illicit barter, black market trade, or underhand trade to gain access to an exchange. The activities of a *schieber* were distinct from those of anyone else on the black market in that the *schieber* pursued a long term goal of financial aggrandizement. These operators—Germans and displaced persons—stole from the brick-and-mortar institutions of the American occupation and disposed of this materiel through illicit channels, either through illicit barter or black market trade.

¹¹² Steege, 50; Enssle, 496.

Living well amidst shortage and want, they were generally ill-regarded in Germany, for they prospered, while their compatriots struggled in a daily hunt for calories.¹¹³

The black market was the only economy capable of providing food and other household necessities in the economic and societal chaos of the postwar years. Most people had some contact with the black market, albeit intermittent and in small quantities. Roesler writes "...almost the entire population was participating in illicit trading." Like prices in a normally-functioning official economy, prices for the black market varied by region: the markets in large cities featured higher prices than those in the hinterlands. The Americans expanded the black market economy, with the cigarette as its *de facto* currency; with an average value of five Reichsmarks per cigarette, a two hundred-count carton could net an American a thousand Reichsmarks in profit, and the black market in the American zone sustained, on average, an annual return of 12,000 percent. As an example, American combat engineers building an airfield earned thirty dollars a day in 1948; with an exchange rate of twelve marks to one dollar, Steege notes that Germans found the dollar gap "insurmountable," when the average wage for a civil servant in the American zone was 750 Reichsmarks. As such, with lean incomes, native inhabitants pursued illicit barter; it became the most pervasive and popular form of black market activity. Businesses soon began to pay workers with goods rather than money, and, as in the case of the coal and steel concerns, would trade with one another for scarce, controlled resources. In Berlin, laborers went absent from their places of work, and students were truant from school, in order to forage in the countryside or barter with

¹¹³ Steege, 50; Van Hook, 131-133; Botting, 238.

other workers. Many people showed up at their workplaces just enough to meet the attendance threshold requisite to receive their ration cards. Steege writes that “The calculation to skip work to pursue food and other supplies elsewhere reflected the reality that the monetary wages one earned...could not compare to the benefits gained in occasional time spent foraging or bartering in the surrounding area.”¹¹⁴

Some Berliners grew small gardens to augment their own diets or for barter or sale on the black market. Occasional bartering as a means to survival was placed in sharp contrast with those, among them the *gross scheiberei*, who bought and sold wantonly in great quantities on the black market. The former was considered appropriate in Germany’s present economic straits, while the latter was deemed to be thoroughly immoral. Germans who resorted to bartering either to survive or perhaps obtain the occasional simple luxury represented a majority of black market transactions. The consistent and ubiquitous participation of Germans and displaced persons on the black market, combined with generous American injections of cigarette capital and PX luxuries like chocolate, coffee, and chewing gum, belied the anemic picture presented by the licit economy, and pointed to a powerful, latent economic potential hamstrung by price, distribution, and ration controls. A testament to the true scope of this economy was the total illicit earnings of Americans on occupation duty in Europe. Before the introduction of military scrip on September 30, 1946, the American Army had been overdrawn by \$530,000,000, which constituted an amount in excess of what Congress had appropriated to the Army. Uninterrupted American injections of cigarette currency

¹¹⁴ Roesler, 96; Steege, 52.

and the staggering overdraft testify to the importance of American soldiers and goods to the postwar black market. Reliance upon American supply in the maintenance of the black market was juxtaposed daily with German agency in the decision to barter and trade in order to survive in spite of draconian government rationing measures.¹¹⁵

German laborers and white-collar workers would enter the black market hoping to sell “at exorbitant prices,” but most users of the market held regular jobs and came in search of specific products. They used the black market for food or commodities not obtainable on a ration card, and then returned to work. Unlike the *schieberei*, they had very little discretionary income available to deploy on the black market. This meant that most workers either resorted to barter or sale of possessions (cutlery, clothing, furniture, food from successful foraging, ration cards) for extra money to spend on the black market. Roesler notes that higher-salaried workers perhaps had an advantage in that they had more possessions, which equated to increased purchasing power. *In toto*, income proved an iron constraint on the scope of a worker’s black marketeering; Roesler calculates that in the Soviet sector of Berlin, black market purchases accounted, per capita, for only 140 calories of food daily, which constituted less than ten percent of what one could purchase on a ration card. American surveys estimated that two to four hundred calories of a German’s daily ration were procured on the black market. This statistic suggests that, as a whole, Germans in the American and British zones took home

¹¹⁵ Bessel, 372-373; Steege, 39; Hilton, 484, 488-490; Rundell, 88-89.

higher wages, but the food purchased on the black market still constituted a maximum of twenty percent of the OMGUS recommended caloric intake for normal workers.¹¹⁶

The historiography has conceptualized the black market as a construct and experience of Germans and displaced persons. American action on the black market is generally presented in narrative form, as an aside, and then the American returns to base and is not heard from again. Only Petra Goedde comes close to according a substantive black market role to Americans in her discussion of GI-German sexual relations predicated on the exchange of food, and this role is only implied in her acknowledgement that the size of the postwar black market depended upon American rations and PX luxuries. In fact, Americans engaged in multiple, individual acts of black marketeering, and then exited the market. Perhaps one soldier committed a single act, another a thousand acts, but they generally occurred as discrete events involving a single transfer of goods to a single black marketer. The Americans, unlike the Germans and displaced persons, did not need the black market. Germans went to the black market for food, displaced persons for almost every conceivable item. As such, Germans and displaced persons maintained a longer-lasting, more intimate relationship with the black market. Americans traded purely for profit on the black market, exchanging high quality cigarettes, chewing gum, coffee, and chocolate for currency or valuable trinkets which they could purchase cheaply; besides cigarettes, the other enumerated items could be redeployed as ersatz currency. A GI or American civilian did not spend time on the black market because he could be caught, as maintaining contacts or building networks

¹¹⁶ Roesler, 96-97; Hilton, 482-484, 490; Steege, 41-42, 46.

required time and exposed him to American authorities; indeed, this time investment was unnecessary when a series of one-time exchanges could net a healthy profit or a valuable item. He already had his pay and his rations, so black market trade was not a requirement of a comfortable sojourn in occupied Germany.¹¹⁷

The tactic of individual trades proved very lucrative for John Collins, an American civilian serving with OMGUS. From October of 1945 until February of 1946, Collins received eighty-five cartons of cigarettes by post from his “wife and friends.” Collins used these cartons in individual instances of bartering for multiple items, including a second-hand camera, two pairs of binoculars, and a microscope. He traded cartons with a *gross schieber* for tens of thousands of marks. He sold three watches to a Russian soldier, and traded cigarettes for a leather briefcase and other leather items. He traded other “small items” in exchange for cigarettes. When the CID agent arrested him, he had in his possession almost 13,000 Reichsmarks from black market trading in cigarettes. His confession includes the dubious statement “...nor have I intended to make a financial profit.” Americans like Collins used their reliable access to cheap cigarettes and dollars sent by post to profit in multiple one-time trades with members of the local population.¹¹⁸

Of course, not all Americans conducted as many trades as did Collins. A CID investigation from December of 1947 implicated an American in misappropriation and illegal bartering. Private J. Lepez desired a large quantity of wine for use at a party at an American engine-rebuilding plant. He discussed his need with a German named

¹¹⁷ Goedde, 80-95; Hilton, 488, 490.

¹¹⁸ “Confession of John Collins,” 2/6/1946, Box 27, 1-2;

Senghas, offering four tires in exchange for the wine. Senghas found it necessary to trade the tires for cement, the cement for Lepez's wine, which required Senghas to meet with contacts who could offer cement and wine, and another friend who could store the tires on his premises. Lepez, the American, executed a single trade, and the German had to work a chain of contacts to provide Lepez the requested good. For Collins, though he engaged in multiple black market deals, he only conducted single-tier transactions. Lepez and Collins did not *need* anything; the former wanted a quantity of wine, and the latter wanted to make a healthy profit. Both found single exchanges with individual dealers apt to their purposes. Just as they appear in the literature, Americans moved in and out of the market providing cigarettes, tradable as currency, and then returned to their bases.¹¹⁹

American soldiers and civilians, then, did play a crucial role in the black market; they kept it supplied with currency, both real and ersatz. A profit motive created the potential for a shortfall in black market goods, as Americans generally traded for extra cash, and then left. In general, only women had access to the material benefits that accrued to an intimate relationship with an American. The food Germans and displaced persons so desperately needed arrived on the market intermittently; supply could not be assured, given the cupidity of the farmers hoarding the food, the vagaries of weather and the harvest season, transportation difficulties, and OMGUS distribution controls on the free flow of victuals. These areas of shortfall, evidenced by continued demand for contraband on the black market, allowed for a third form of American supply of illicit

¹¹⁹ C. Bradley, "Report of Investigation," 12/13/1947, Box 1, 1-5.

goods: the larceny of American materiel from hospitals, depots, motor pools, and the like, by Germans and displaced persons.

The stealing of American materiel reflected German and displaced-person agency in supplying goods to the black market not acquired through black market trade with Americans. Stealing from an American supply depot, whether through burglary or an inside connection (usually a fellow indigenous worker), permitted Germans and displaced persons to acquire the luxuries and necessities to which they did not have access either through the licit economy or illicit bartering and black market trade. At the same time, these thieves relied upon the presence of the American Army as the source of all this contraband materiel, securing for the Americans an important if unintended function on the black market, even in the absence of American military intermediaries.

When Germans and displaced persons were caught stealing and charged with larceny (as opposed to illegal bartering or black market activities), in the absence of a confession, the nature and quantity of stolen items served to signal intent to sell on the black market. A single person, let alone a family, could not dispose of several cases of saccharine tablets, thousands of chocolate bars, or dozens of bedsheets through normal exertions. Moreover, the ubiquity of acts of thievery demonstrated a demand for the stolen articles and the consequent value people attached to them. This is not to say that there were no thieves who appropriated their contraband for their own use, but the abundance of American contraband possessed latent wealth that could be repurposed to the thief's benefit and unlocked on the black market.

The CID reports provide further evidence of intent to divert pilfered items to the black market. The payment of accomplices as an inducement to engage in larceny suggests a black market connection, as those who had participated in the larceny had often not yet disposed of their ill-gotten gain. As a result, police reports revealing that principals were paid thousands of marks in exchange for their involvement also proved that they were not paid in the pilfered items, and that the money used for payment had not come from the commission of the crime under investigation. The best salary a German civil servant could earn was 750 Reichsmarks monthly. In Stuttgart in 1946, monthly wages for an industrial worker approached 140 Reichsmarks. In 1947, a contemporary periodical calculated the monthly salary of the average white collar worker in Berlin, and arrived at a total of 230 Reichsmarks a month. With salaries and wages so low, there was no licit way that a German national or displaced person could come into the possession of the thousands of Reichsmarks requisite for the payment of accomplices in a larceny. Moreover, since the occupation authorities used Allied military marks as legal tender, and American supply depots, motor pools, and signal depots generally would have no reason to house reserves of currency, only black market exertions could be the source of such great amounts of lucre.¹²⁰

Three larcenies, investigated by the 481st Military Police Criminal Investigation Division, make clear the dimensions of the criminal theft of the *schieber*. The larcenies occurred between May and December of 1947, at an American civilian club, an American salvage depot, and an American Red Cross supply depot. The records

¹²⁰ Steege, 39, 44; Enssle, 491.

demonstrate the importance of having a contact inside the installation, which often obviated the need for burglary. Both Germans and displaced persons, especially Poles, have a role in these events; they were often employed as guards at these installations, and they used their positions to pilfer supplies for the black market. The Poles were notorious black market operators. In March 1946, the Berlin Counterintelligence Corps, with the support of Berlin Headquarters military police, raided the lodgings of members of a mission of the Polish Provisional government in London, and found that the delegation was heavily involved in black market trading. Members were selling and bartering at various billets registered to the mission, trading in all manner of goods. *Inter alia*, seized contraband included twenty-five packages of saccharine tablets, ninety-five pairs of German military gloves, a “bale” of American uniforms, and dozens of dresses, jackets, and caps. American authorities determined that many thousands of marks had changed hands in the transactions undertaken by this ring. An intelligence bulletin of the Railway Security Division of the Provost Marshal General’s Office from February of 1946 noted that “It is known that Polish guards are heavily engaged in black market activities, particularly, in France where American supervision is negligible.” In providing Poles and Germans, rather than Americans, jobs guarding valuable US Army materiel, American authorities were unwittingly contributing to the proliferation of the black market in Germany. Occupation authorities were giving penniless, mostly displaced persons access to, and a modicum of control over, materiel that could fetch a

good exchange in barter or a high price in black market trade, exacerbating the black market problem the American military was attempting to control.¹²¹

The first of the cases involves the theft of a quantity of American and German currency and luxury items from American civilian nightclub, "Club # 48." Apparently, the club had been the site of repeated instances of burglary throughout 1947. The club had been burglarized during January, and three times during March when the club had been unoccupied, but nothing valuable had been carried off. The club manager, Hans Linke, had been sleeping in the building's offices on the night of 29-30 May, when it was broken into; he slept soundly through the commission of the crime, and woke to the fireman Albert Maier, who had gone to shovel coke in the basement and discovered that the window was open, with the pane smashed, and that a ladder had been propped against the wall, leading outside to the garden. Further investigation revealed that the club's safe, which contained its operating funds, was missing. Maier and Linke went straightaway to inform the club's treasurer, George Welsh, who called the 481st MP Battalion to report the burglary.¹²²

The larceny was instigated at the urging of Giovanni Gentile, an Italian who worked at the club, though the record does not state what his position was. On May 20, 1947, Gentile suggested that his friend Mischko Wehabovic, a Polish displaced person, commit a larceny of Club # 48's safe, the location and contents of which Gentile was aware. Wehabovic demurred; for over a week, Gentile persisted, requesting that

¹²¹ "List of confiscated materiel," in RG260, Office of the Adjutant General, AG 250.1—Polish Incident-Black Market Raid OMG., Box 44; see statements of witnesses for Polish Incident, Box 44; "Intelligence Bulletin No. 2," 2/13/1946, Box 1175, 1.

¹²² "Statement of Albert Maier," 6/5/1947, Box 1; "Statement of Hans Linke," 6/5/1947, Box 1; Peter Gable, "Report of Investigation," Box 1, 1.

Wehabovic enter the premises and remove the safe with its contents. The two discussed the how to effect an entry and the particulars of the location of the safe and other valuable items. Gentile approached Wehabovic on the 29th, and indicated that the currency in the safe would be removed by the first of June; if he wanted to commit the robbery, he would have to do so that night. Gentile indicated that the safe contained about two thousand dollars, and a few gold wristwatches. A chamber in a desk drawer contained a camera and a cigar box with a few hundred dollars. Gentile requested 50,000 marks for the information he was providing contingent upon the successful execution of the larceny.¹²³

A worn down Wehabovic finally consented after their discussion, and determined that he needed assistance to break in and remove the safe. He enlisted the help of two displaced persons, Kosta Kikilidis and Waldemar Bulhakov, explaining to them the location and contents of the safe. At 4 a.m. in the morning, the three men met at Wehabovic's residence, and proceeded to the club. They lifted a grate with access to a window in the coal room, gained entry, and proceeded upstairs to the treasurer's office. The loot was far more valuable than Gentile had indicated. A receipt drawn up for the stolen goods by the treasurer of the 481st MP Battalion, and provided to Welch, lists American scrip worth almost five thousand dollars, twelve thousand Reichsmarks, six wristwatches, two radios, and two cameras. As if this windfall were not enough, Wehabovic subsequently liberated four bottles of liquor from the office closet. They trio hid the safe in a local park, and Wehabovic and Bulhakov returned with a bicycle to

¹²³ "Report of Investigation," 3-4; "Statement of Fridel Wehabovic," 6/5/1947, Box 1.

transport the safe; Wehabovic took the safe to the apartment of an acquaintance, asking that the renter, Sever, to hold the safe for him for an unspecified amount of time. Sever considered his circumstances differently, and under the pretense of looking for tools to crack the safe, he returned with members of the military police. The trio was arrested and charged with larceny, and Gentile was later seized and charged with conspiracy to commit a larceny. All the stolen goods were recovered.¹²⁴

Whatever his duties, Gentile somehow had access to information about the club's funds. There is no direct evidence of diversion to illicit channels, if only because the perpetrators were seized right after the commission of the crime. The large take in currency does not indicate resort to the black market; the American scrip would certainly be very useful on the black market, but the Reichsmarks could be spent on the licit economy, and the only information Gentile volunteered about the dollars was that he wanted them. An assessment as to their final disposition would be pure speculation. What suggests black market intent in this case is Gentile's interest in the radios and the cameras. The concern over the dollars demonstrated that Gentile was interested in the value the dollar represented, though he might find a way to dispose of them outside of black market trading. However, given his concern for wealth, it is possible to establish black market intent through the acquisition of the radios and cameras. The dollars represented real wealth, and the decision to steal both the radios and the cameras indicates that he hoped to realize a profit from them as well.

¹²⁴ "Receipt, 5/30/1947, Box 1; "Report of Investigation," 3.

Cameras and radios had a very high resale value in black market trade, and bartered well. In one CID report, a certain Master Sergeant Sylvester Lippl, stationed at Attaburg, Germany, had his camera stolen from him in late December 1947. On New Year's Day, his camera was sold to an American who paid thirty dollars for the camera, and returned it to Lippl. The soldier bought the camera from a German, Alfred Peuser, who had paid 1,500 Reichsmarks for it from another German. This was quite a sum, considering that Germans took home monthly salaries of no more than a few hundred marks. A radio could be disassembled and sold for parts, which could net a larger profit than the radio itself. Authorities in the town of Lorch captured Elizabeth Rothermel with 139 American radio tubes after conducting a search of a train bound for Cologne; Rothermel confessed that she intended to sell them on the black market, hoping to pay for the treatment her husband's nephritis entailed. Her son Ludwig worked as a mechanic at the US Signal Depot in Mannheim, and a colleague informed him that he was selling radio tubes for 30 Reichsmarks apiece. Ludwig Rothermel stated "As my parents had lost all as a consequence of an air-raid, I intended to use the tubes for compensation." After confirming the soundness of the tubes, he purchased the aforementioned quantity for 4,500 Reichsmarks and gave them to his mother.¹²⁵

The case of the Club # 48 larceny and the experience of Elizabeth Rothermel affirm the importance of inside contacts in the facilitation of larceny from American facilities. Gentile, though he was not a principal in the larceny at Club # 48, had

¹²⁵ Donald Morse, "Report of Investigation," 1/19/1948, in RG549, EUCOM, Serious Incident Reports, 3; "Statement of Ludwig Rothermel," 6/10/1948, Box 1; "Statement of Elizabeth Rothermel," 6/9/1948, Box 1; Rubin Scharfman, "Report of Investigation," 6/17/1948, Box 1, 3.

knowledge of the high-value items in the treasurer's office and knew the layout of the building, both invaluable pieces of information in planning and executing the break-in. Ludwig Rothermel's position as a mechanic at the Signal Depot gave him access to valuable equipment, and his colleague had direct, authorized access to the radio tubes, precluding the need for a burglary. While the mere presence of a well-stocked American installation potentially made it a target of theft, hiring indigenous workers with entrée to the premises and equipment was essentially giving away the store. Such arrangements constituted a patent security breach. Perhaps the most telling (and absurd) examples of this assessment involved those instances in which Germans and displaced persons guarding American supplies took advantage of their positions to commit larceny. Though electronic equipment fetched a high price in black market trades, those who purchased from dealers desired more than just food and luxury appliances. The next case demonstrates that Germans and displaced persons were looking for more mundane comforts, amid the societal disruption of the postwar years, of a kind only available in American supply depots.

The second case concerns a larceny at the United States Army Salvage Depot in Friedrichsfeld, Germany. On July 2, 1947, four security guards at the depot conspired to ascertain what materiel was housed in one of the compound's warehouses, with the intention of stealing what they found. Two of the guards entered the warehouse and carried off 250 pairs of pants, property of the American Army, in five sacks. The record seems to support the contention, unstated, that these men were working for a *gross schieber*; he arranged for the payment of those who participated in the larceny, as well as

the subsequent transportation and disposition of the pants. He was not involved in the planning or execution of the crime, only coordinating events after the perpetration of the larceny. The guards used their positions to filch from the very premises that they were hired to protect. The *schieber*, and the principals in the crime, used their black market contacts and personal acquaintances to dispose of the pants. The involvement of the *schieber* bespeaks the potential black market value of the materiel stored in the warehouse; a *schieber* had multiple contacts in the black market, the means to dispose of stolen goods, and the funds (from previous black market transactions) to reward those who participated in the crime and the disposition of the goods.¹²⁶

Otto Arnold, Georg Weber, Otto Reinemuth, and Siegfried Aderhold were working as security guards for the US Army Salvage Depot during the night of July 2, 1947; they were all assigned to a certain post outside one of the warehouses in the depot compound, detailed to a six-hour shift. Weber and Arnold told Reinemuth at 10 p.m. that they planned to break into the warehouse that night and determine whether it held anything of value. Weber and Arnold entered the warehouse and removed the clothing, while Aderhold stood watch directly outside. The three men carried the sacks to a roofed shed to wait until their shifts expired. Around 1 a.m., Weber and Arnold returned to the guard post, informing Reinemuth that they had broken into the warehouse and had seized 250 pairs of trousers in five sacks. Weber and Aderhold then left for the night, transporting the sacks to Weber's apartment where they would be kept temporarily. It is difficult to determine who knew about the plan to break into the warehouse prior to the

¹²⁶ Botting, 238; Enssle, 491-492; Roesler, 97.

commission of the act; Aderhold denied that he participated in the larceny or had previous knowledge, but admitted that he assisted in the transport of four sacks to Weber's apartment. Given that Weber and Arnold both implicated Aderhold, that all men were present at a post outside the warehouse, that Aderhold assisted in the transportation of the sacks, and that Reinemuth asserts he was left at the guard post alone during the larceny, it is probable that every man knew about the larceny prior to the start of his shift. Every principal affirmed that Reinemuth did not participate in the execution of the larceny.¹²⁷

The *schieber* emerged in the aftermath of the warehouse larceny. In the course of the investigation, Rolf Gebhard, a fellow guard, was implicated neither in the conspiracy nor the larceny, but directed the actions of the other guards regarding the storage of the trousers, orchestrated payment of the participants, and mediated the supply of the pants to various black market contacts. According to Alderhold, he informed Gebhard of the larceny while it was in progress, but Gebhard's subsequent actions belie this statement. Aderhold visited Gebhard, informing him that Arnold and Weber had stolen the pants. Gebhard contacted a friend by the name of Emil Hammersdorf, who arranged for a driver to bring the sacks over to his residence. Gebhard's narration of this incident suggested that this was one of many business transactions which Gebhard handled, that Hammersdorf was waiting for these goods just as he had for the fruit of other larcenies or black market transactions. "Thereupon Hammersdorf knew that at

¹²⁷ Peter Gable, "Request for Judicial Prosecution," 10/22/1947, Box 1, 1-3; "Statement of Georg Weber," 8/29/1947, Box 1; "Statement of Otto Arnold," 8/29/1947, Box 1, 1; "Statement of Otto Reinemuth," 8/22/1947, Box 1, 1.

Weber's home at Friedrichsfeld stolen American goods were placed and ready to be shipped out." Hammersdorf, Aderhold, and an unidentified driver took the sacks to Gebhard's residence. The driver, though he professed no knowledge of his load, received ten pants for his trouble. Gebhard gave Weber one of the five sacks as payment, and Arnold received "6000.-Marks, said money being my share of the proceeds of the purchase of the American pants." Reinemuth received 4,500 Reichsmarks for keeping watch at his post during the larceny. Aderholt received fifteen pairs of pants. Gebhard gave Hammersdorf ten pairs of pants for his own use. These disbursements required that Gebhard have the resources to provide payment, which he acquired through resort to the black market; the amounts of currency he took in, and the corresponding number of buyers required to make such a profit, indicate a demand for clothing which the theft from the Friedrichsfeld depot met.¹²⁸

Gebhard profited handsomely on the black market, and the participants in the larceny saw success as well; indeed, providing the other guards with pants as opposed to currency testified to the value they possessed in barter or black market trade. Arnold and Reinemuth received their cash payments totaling 10,500 Reichsmarks. Like any good *schieber*, Gebhard had established a network for the disposition of stolen material. The record reveals that some of the transactions occurred through the other guards and persons whom Gebhard supplied with trousers for the purpose of black market trade. These contacts sold the trousers for cash, and then returned the proceeds to him.

¹²⁸ "Statement of Emil Hammersdorf," 8/29/1947, Box 1; "Statement of Rolf Gebhard," 8/28/1947, Box 1, 1; "Statement of Elizabeth Ramseier," 9/1/1947, Box 1; "Statement of Siegfried Aderholt," 8/22/1947, Box 1, 1-2.

Gebhard narrated “50 pairs of pants were sold thru [*sic*] Hammersdorf, he handed me the amount of 4500.-Marks (which originates from the sale of the pants) for safe-keeping.” He also gave thirty pairs of pants to one Elizabeth Ramseier, which she sold for 5,330 Reichsmarks to a tailor, Rudolf Becker, who needed the material. Gebhard, however, was not above selling the goods himself; Ramseier remarked that “Gebhard asked me to introduce him to people who would like to buy pants.” Gebhard then hawked his clothing at a local inn near Friedrichsfeld, and one Nelli Fieger purchased ten pairs for fifteen hundred Reichsmarks. Cloth was a scarce commodity in postwar Germany. Fieger explained, “Because I have not very much clothing, I liked to get the pants fixed for clothing for me and my husband.”¹²⁹

Those guards whom Gebhard had paid with the stolen pants went straight to the black market as well. Reflecting the pervasive concern over food scarcity, Weber used his share of the steal to acquire calories. “I exchanged my sacks of American pants for victuals,” he recounted, but was arrested before he could pick up the food. Reinemuth, likewise, looked to assuage his hunger pangs through his Reichsmarks. “I used the money to buy victuals on the blackmarket [*sic*].” Aderholt sold his share of the trousers the day after the larceny to one Kurt Vock, for two thousand Reichsmarks. The money was still in Aderholt’s possession when CID agents arrested him, and he expressed his willingness to turn his earnings over to the military police. The military police interrogated Vock, only to find out that he sold twelve pairs of trousers to an unidentified person; Vock had significantly undervalued his purchase, receiving 240

¹²⁹ “Statement of Arnold,” 1; “Statement of Weber”; “Statement of Gebhard,” 1; “Statement of Ramseier,”; “Statement of Nelli Fieger,” 9/23/1947, Box 1.

Reichsmarks for the entire bundle. “I am an invalid and receive no financial support. I used the 240.-Marks for my livelihood.” The record does not indicate how Vock was able to spend two thousand Reichsmarks without work or other financial support, or what compelled him to then resell them for ten percent of the price at which he originally purchased them. Hammersdorf sold twenty-five pairs of pants for five thousand Reichsmarks to an acquaintance Fritz Klüh; once again, the military police could not retrieve any of the stolen goods, as Klüh had used them in barter with a French soldier, exchanging them for fifty liters of wine. Wine was a very valuable black market resource, but there were some instances when, instead of trading for currency, the chain stopped and some sellers actually resorted to the intended use of the traded article. Klüh noted dryly, “I drank the wine already.” After the *schieber* had distributed the loot to his contacts and acquaintances, they in turn provided for the proliferation of these articles through the market, selling them to others.¹³⁰

The distribution of the trousers to multiple contacts who then returned funds to Gebhard, and the selling and reselling of the pants, speak eloquently to their black market demand, which was itself a result of a lack of quality cloth and readymade articles of clothing. The Friedrichsfeld larceny is typical of the manner in which goods were distributed on the black market; as long as the goods were in demand and in good condition, there was potential for long term resale. Clothing was an article not obtainable through transactions with other indigenous inhabitants. A tailor like Becker could use it to sustain his business, and others like Nelli Fieger could repurpose

¹³⁰ “Statement of Reinemuth”; “Statement of Weber”; “Statement of Kurt Vock,” 8/22/1947, Box 1; “Statement of Fritz Klüh, 9/2/1947.

American clothing and fashion new wardrobe items and make repairs to worn jackets and pants. It was useful in and of itself, beyond its potential as a tradable commodity. Germans could provide food (albeit unevenly and at inflated prices), jewelry, and furniture; due to the shortages of raw materials, they lacked the resources of industry to make electric appliances, tools and utensils, and textiles.

Only the Americans had certain access to these goods. The black market was the only channel through which Germans might acquire them. Stealing from American installations met a demand that could not otherwise be filled. These goods were available as a subsidiary function of the occupation, so that thieves relied upon the presence of American troops for access to the equipment they brought with them. Americans in turn exacerbated the black market problem they sought to prevent by hiring the very people needing these goods—people possessing neither means nor access to purchase them on the licit economy. Beset by ubiquitous and pervasive scarcity, indigenous workers understood that the benefits of stealing American goods—a new suit, a few thousand marks, or fifty liters of wine—far outweighed the risks of capture. As such, American installations, the repositories for this largess, acted as sources of black market materiel. In this way, theft from American installations constituted a type of American illicit supply. Hiring indigenous workers in postwar Germany was tantamount to inviting a burglar into the house. The black market provided so much and Germans and displaced persons possessed so little. However, scarcity ran so deep that items classifiable neither as outright luxuries nor ersatz currencies nor household necessities maintained a black market value. The final case is an examination of some

Poles who broke into a Red Cross warehouse for its stocks of towels. With such a dearth of material goods, even the lowly towel sold for a pretty penny on the black market.¹³¹

On July 31, 1947, the 481st Military Police Battalion received a call from Otto Memmer, the director of the American Red Cross Warehouse at Rheinau, Germany, reporting the theft of six hundred towels from the warehouse. The suspects were two Polish displaced persons, Jan Kaczmarek and Jan Kmiecik, whom Memmer had hired as guards; they were interrogated and confessed to complicity in the theft. The principal in the larceny, a Pole by the name of Karolack, fled Rheinau and could not be apprehended. During the night shift on July 30th, Kaczmarek and Kmiecik were keeping watch at adjacent posts outside the stockroom in question. Around 10 p.m., Karolack approached Kaczmarek and asked whether he might enter the premises, as “he had the intention to procure something for himself.” Karolack offered the promise of marks in exchange for his acquiescence, and Kaczmarek acceded to his request. Karolack requested the permission of Kmiecik, who recalled “He furthermore explained to me that he intended to steal towels. He offered me money, however, I told him that I would not let him enter the depot for money, but as a favor being his comrade.” Kmiecik reported that at 11:30, he saw Karolack, accompanied by a civilian, carrying sacks from the warehouse. The next morning, Karolack paid each guard 1,500 Reichsmarks in exchange for their permission and subsequent silence. Karolack had arranged with a German, Victor Huebner, to sell the stolen towels through illicit channels. Once again, larceny occurred not because the thief sought to turn the

¹³¹ Goedde, 90; Bessel, 353-357.

stolen goods to his own use, but rather as a result of perceived demand on the illicit economy.¹³²

The day of the larceny, Huebner had visited an acquaintance, a German named Otto Duschl, and inquired as to whether he would be interested in receiving a quantity of stolen goods. Duschl attempted to ascertain the provenance of the articles, and Huebner replied that he could provide particulars later in the evening. Huebner returned at 9 p.m., stating that he had access to American towels. Soon after midnight, Huebner arrived with Karolack at Duschl's residence and offered 150 towels, adding that another 450 needed only to be picked up from the warehouse. Huebner and the two Poles arrived at Duschl's with the remainder a little later that night. Duschl paid nine thousand Reichsmarks, which Huebner shared with the Poles; Huebner received nine hundred Reichsmarks for his service in providing a contact on the black market. As payment for the theft, Karolack took the remaining sum and gave a third to the guards, as previously noted.¹³³

The larceny went forward because Huebner was certain a desire existed for the commodity; it is important to note that Huebner visited Duschl prior to the larceny, to insure that he had a buyer. Duschl purchased the goods in anticipation of black market trade; indeed, he was able to sell what he had purchased from Huebner, exchanging the 450 towels with an unknown individual for nine thousand Reichsmarks, recouping his original outlay. The 481st Military police Battalion took custody of the remainder, 122

¹³² Peter Gable and John Lukawsky, "Report of Investigation," 9/8/1947, Box 1, 3; "Statement of Jan Kaczmarek," 8/1/1947, Box 1; "Statement of Jan Kmiecik," 8/1/1947, Box 1.

¹³³ "Statement of Otto Duschl," 8/ 1/1947, Box 1, 1-2; "Report of Investigation," 3.

towels, and just over ten thousand Reichsmarks, confiscated from Duschl at the time of arrest. Polish security guards—with legitimate access to the warehouse—perpetrated the larceny. Huebner acted as a middleman, mediating the transfer of the stolen goods to Duschl, his black market contact. In turn, Duschl exchanged the greater portion of the towels for his total purchase price.¹³⁴

The value of the goods expropriated in larceny was not a function of their intrinsic purpose, but the value they could fetch on the black market, which was itself a reflection of a demand for goods impelled by pervasive scarcity throughout all sectors of the economy. The American Red Cross Warehouse contained a supply of some of these scarce goods, and the certainty of remuneration in black market trade made larceny a fiscally attractive proposition. An ultimately shortsighted American decision to hire indigenous workers placed those who lacked the most in a position that provided them the opportunity to mitigate or eliminate that want. The lure of black market profits proved too much temptation for those guarding the American bounty, and American installations were therefore consistent targets of theft. This theft supplied Germans and displaced persons with goods not available to them through a licit economy plagued by shortages and shortcomings in the state-run distribution system, ergo, constituting a type of American illicit supply to the indigenous population. Theft from American installations with intent to divert the stolen goods to the black market, while contingent upon the existence of an American presence, provided Germans and displaced persons agency which belies the common German perception of the black market as a place

¹³⁴ “Receipt for Duschl,” 8/2/1947, Box 1.

where they were exploited, victims to the imperative of an unfettered market and unscrupulous sellers. Beyond choosing not to access the black market, Germans could use the black market to their advantage, making money through selling stolen goods. These persons turned the prevailing conditions of want, and the existence of a flourishing black market, to their favor. Selling stolen goods permitted Germans and displaced persons a way to escape want, and even to profit amidst postwar shortage. This assessment of black market operations is in line with Steege's argument that Berliners possessed an agency Americans and Russians did not attribute to them, an agency which they realized in daily negotiating the black market and planning survival strategies. The activities of thieves and *schieberei* suggest that, as individuals, not all in Germany were powerless and in need of protection, despite the national assumption of the mantle of victimhood which Goedde asserts occurred in postwar Germany, or German notions of helplessness vis-à-vis the preferential treatment and black market activities of displaced persons, as Grossman argues. Exploiting the presence of well-stocked American installations, some Germans successfully chased wealth amidst widespread penury.

CHAPTER V

CONCLUSIONS

In June of 1945, Captain J.F. Collins, stationed at Washington, D.C. with the Army Service Forces, interviewed Technical Sergeant James Hutchison. Hutchison had recently been in France, and as a matter of personal interest, had studied the operation of the black market as it existed in Fontainebleau, just outside of Paris. American soldiers were participating enthusiastically in the black market. The present military rate of exchange for currency was fifty francs for a dollar, whereas black market currency exchanges had set the rate at two hundred fifty francs for the dollar. Moreover, the French knew the franc was losing its value, and had begun buying dollars in anticipation of its continued declension.¹³⁵

Thus, a scheme had arisen whereby Americans would send home for American dollars, and subsequently sell this currency on the Paris black market at breathtakingly inflated rates. The French would either provide merchandise, which for many Americans was prohibitively expensive if paid for in francs, or provide francs at the rate of one hundred per dollar. The French had set high prices for American soldiers; in order to fund their existence in Paris, GIs were hawking cigarette cartons for a thousand francs and their government-issue shoes for forty or fifty dollars. "A gingham dress that would sell for three or four dollars in the United States, sells for twenty-two hundred francs in France." Hutchison remarked that "there is sufficient food and general

¹³⁵ Captain J.F. Collins, "Black Market Activities in France," Report No. 796, 6/15/1945, Box 1175, 1-2.

merchandise in France, but the black market had diverted most of it from the legitimate market.”¹³⁶

American soldiers had used a loophole in existing regulations to convert black market francs to dollars on money orders, sending home far more money than they had earned in base pay. As long as a soldier declared his francs as winnings from a poker game, no questions were asked, and clerks at any Army Post Office would convert the “winnings” in francs to dollar credits. Black market transactions had left the French in possession of excess currency as well. Collins wrote that, “in order to offset this currency manipulation, the French government is selling bonds in an attempt to absorb the excess money held by Frenchmen.” Hutchison blamed the black market on French youths who had become adept at “dodging regulations” during the war. The report levied no blame on the Americans, who, like their counterparts in Bremerhaven, were financing the market with illicitly acquired American dollars and cigarettes. American authorities in Germany were likewise concerned with the illicit activities of their troops.¹³⁷

In September of 1945, Lucius Clay felt compelled to address the conduct of American troops stationed in Berlin as part of the recently established Office of Military Government, United States. “Unlawful acquisition of private property by U.S. personnel has assumed such proportions as to embarrass this Command and reflect discredit on the United States and the principles of fair play and decency associated with our country.” During the summer of 1945, American troops affiliated with the occupation had been

¹³⁶ Ibid, 1-2.

¹³⁷ Ibid, 2.

stealing items from the houses in which they were billeted. Clay indicated that “No matter what the subterfuge or guise employed, the removal of private property without authority is unlawful.” The final disposition of property transferred between houses “without recording the transfer is merely another phase of looting.” Clay’s concern was deep enough to address this rash of “unlawful” acquisitiveness through a letter circulated to all civilian and military personnel in Berlin and its environs. There is no way to tell from Clay’s letter whether any items from private billets found their way to the black market. Given that Clay believed the problem of looting in billets had assumed “such proportions as to embarrass this Command,” the scope alone suggests that some items seized by American soldiers were ultimately exchanged on the black market. Clay concluded that the consequences of this extensive misappropriation were dire, as looting “undermines the position of respect and confidence necessary for effective Military Government administration.”¹³⁸

The relevant historiography has sustained two arguments: first, that Germans considered the black market activity prevailing in their midst a phenomenon perpetrated by foreigners, especially displaced persons; and second, that this conceit became an integral part of a constructed German victimhood in the postwar years. Laura Hilton has also argued that the Germans saw the Americans as conspirators in the establishment and maintenance of the black market. The existence of the black market, and Germans’ daily resort to its wares, constituted an omnipresent reminder of the societal upheaval and concomitant lawlessness of the postwar years. Forced to reconcile pervasive

¹³⁸ General Lucius Clay, “Looting and Removal of Private Property,” 9/9/1945, in RG260, Office of the Adjutant General, AG 231.4 Thru 250.1, Box 43.

German activity on the market with the notion that the black market was the product of external forces, Germans established a dichotomy of activity on the black market: activity for survival, which was considered right and moral given the existence of scarcity in the postwar years; and activity toward self-enrichment, the realm of the *gross schieberei* and foreigners, behavior met with calls for the death penalty in the punishment of black market offenses. This dichotomy was part of a shared sense of victimhood among Germans. Germans had been victims of Hitler's histrionics, and now they were victims of Allied occupation policies and the favoritism they bestowed upon the population of displaced persons.

Goedde argues that shared cultural practices allowed the Americans to adopt this sense of victimhood, and act as protectors of the German people. This, rather than calculations concerning the balance of power vis-à-vis Moscow, in turn paved the way for the subsequent Cold War. Malte Zierenberg demonstrates that the Germans considered themselves victims of unscrupulous foreigners on the black market even before the end of the war. Stephen Fritz echoes Goedde's assertion, arguing that as the fraternization ban was steadily eroded, both Americans and Germans came to see the DP camps as loci of violence, filth, and black market activity; therefore, the black market became a foreign problem, rather than a German one. Anita Grossman posits that in assuming the mantle of victims, Germans refused to acknowledge how they came to be in this circumstance and how the displaced persons, whose presence and actions they excoriated, had arrived in Germany in the first place. Laura Hilton explains how, despite data and compelling anecdotal evidence to the contrary, Germans blamed illicit trade

“not on the war and its aftermath, but on others.” In this way, Germans collectively avoided responsibility while constructing a community of victims, which served as a coping mechanism amid the societal collapse subsequent to defeat.¹³⁹

Second, the historiography has maintained that illicit trade was primarily a German experience. The black market was a location mediated, negotiated, and controlled by Germans and displaced persons—a historiographical conclusion affording no space for Americans on the postwar black market. In the literature, Americans have been portrayed in narrative fashion, simply to illustrate that, indeed, Americans did engage in black market activities. American soldiers and civilians would sell their cigarette cartons or their PX chocolate, and then disappear from view; it was the Germans who had daily resort to the black market, and both Germans and displaced persons used the black market as a space for contesting victimhood. Germans needed food from illicit trade, displaced persons lacked everything, having ended the war with nothing, and looked to the black market to ameliorate this state of total want.

Enssle and Roesler have argued for scarcity as a motivating force in creating the strategies that Germans used to survive, setting up the conditions necessary to support Steege’s argument for the black market as an expression of German agency. Goedde has correlated the extent of the black market with the willingness of Americans to provide

¹³⁹ Laura Hilton, “The Black Market in History and Memory: German Perceptions of Victimhood from 1945-1948,” *German History* 28:4 (2010); Petra Goedde, *GIs and Germans: Culture, Gender, and Foreign Relations, 1945-1949* (New Haven: Yale University Press, 2003); Stephen G. Fritz, *Endkampf: Soldiers, Civilians, and the Death of the Third Reich* (Lexington, KY: University of Kentucky Press, 2004), xii-xiv, 222-255, 272-273; Malte Zierenberg, “The Trading City: Black Markets in Berlin during World War II,” in *Endangered Cities: Military Power and Urban Societies in the Era of the World Wars*, Marcus Funck and Roger Chickering, eds. *Studies in central European Histories*, Volume 33 (Boston: Brill Academic Publishers, 2004), 145-158; Atina Grossman, *Jews, Germans, and Allies: Close Encounters in Occupied Germany* (Princeton: Princeton University Press, 2007), 8-12, 37-46, 221-235, 238-268.

cigarettes, rations, and PX luxuries to Germans, but discusses how women leveraged their sexual capital to survive. Steege argues that the black market was entirely a German affair, a means by which Berliners, previously imagined as the pawns of Cold War superpowers, actively reclaimed control of their fates and exhibited agency in undermining Allied edicts and price and ration controls. Hilton notes that Americans were consistently on the black market, but does not proceed further; her study examines American attempts to control the proliferation of illicit trade. Grossman argues that preferential access to Allied goods placed them in a superior position for conducting black marketeering, but noted that it was Germans who bought or bartered from displaced persons, often to their mutual benefit. Fritz also places the black market in the context of a contest between Germans and displaced persons. Americans have not been assigned a systemic function in the perpetuation of a postwar black market. Americans are bit players, whereby they conduct their business, and then leave the market, leaving the arena to Germans and displaced persons. Only Rundell has demonstrated that Americans were enthusiastic participants in the black market, as they exploited inadequate and poorly enforced currency controls to their advantage.¹⁴⁰

This thesis has assigned such a function to the Americans. Both the intelligence report drafted from the Hutchison interview and Lucius Clay's pointed letter to

¹⁴⁰ Manfred J. Enssle, "The Harsh Discipline of Food Scarcity in Postwar Stuttgart, 1945-1948," *German Studies Review* 10:3 (October, 1987), 481-502; Jorg Roesler, "The Black Market in Post-war Berlin and the Methods Used to Counteract It," *German History* 7:1 (1989), 92-107; Paul Steege, *Black Market, Cold War: Everyday Life in Berlin, 1946-1949* (Cambridge: Cambridge University Press, 2007), 3-7, 51-52, see ch 1; Atina Grossman, *Jews, Germans, and Allies: Close Encounters in Occupied Germany* (Princeton: Princeton University Press, 2007), 8-12, 37-46, 221-235, 238-268; Walter Rundell, *Black-Market Money: the Collapse of U.S. Military Currency Control in World War II* (Baton Rouge: Louisiana University Press, 1964), 7, 27, 30-36, 39-40, 51-53, 80, 87, 90-91.

American troops stationed in Berlin indicate that Americans were using their positions as occupiers and the wealth that they commanded in rations, cigarettes and dollars, to operate on the black market in large numbers. In France, trades with Americans had left French citizens with so much excess currency that the government issued bonds to buy it back. Americans in Berlin stole items from their billets—perhaps some of this total was sent back home, some retained on the soldier's person, and still other items were likely diverted to the black market for barter or sale; whatever its final disposition, property seizure had reached such proportions that the Deputy Military Governor felt compelled to issue a prohibitory circular to all troops in the Berlin sector. In both instances, the response of authorities to each circumstance testified to widespread illicit activity. Americans acted as suppliers of illicit American goods to Germans and displaced persons. Americans engaged in three types of illicit activity: supply by way of the black market, supply by way of misappropriation of US Army food and materiel, and supply by way of theft from American installations by Germans and displaced persons.

American supply of illicit American goods was thus central to the existence of the black market in Germany and to the survival of Germans and displaced persons. Because the licit economy was plagued by shortages and an ineffective distribution system, the black market existed as the only viable economy. American cigarettes became a *de facto* currency; they were the preferred fungible medium for conducting black market transactions. Without Americans dealing in cigarettes for black market transactions, the black market would become a barter economy, as people found themselves unable to purchase goods for want of "cash." In the midst of the pervasive

scarcity that obtained in postwar Germany, the most valuable commodity was food, to which Americans had cheap and reliable access in abundance. Because those who had access to this commodity were young men, women were able to leverage their sexuality in exchange for some form of intimate relationship with an American. Americans were induced to provide food as a condition of this companionship. Americans did not need to resort to the black market, but misappropriated foodstuffs duly provided them by the US Army. This thesis has examined misappropriation as a form of illicit supply in the context of scarcity and fraternization between indigenous women and American men. Americans only gave up their food to women, and this required the presence of some gradation of intimate relationship. In the absence of these relationships, without their American-supplied food, it is reasonable to assert that some women—and children—would have starved and died. Whether or not Americans were available for black market trade or a sexual relationship, demand remained for all manner of goods. Providing an agency generally not available to them in black market transactions and relationships with Americans, Germans and displaced persons could also meet demand for contraband articles on the black market through larceny from American installations. While this imparted agency to individual actors, ultimately, these thieves depended upon an American presence to supply the contraband goods to buyers on the black market—without an American presence in the first instance, there would be no goods to steal, and hence, no source of supply from which the indigenous population might acquire household necessities unobtainable on the licit economy.

The historiography maintains that the black market was a German experience and that Germans and displaced persons mediated and negotiated within it as part of a ritual of survival. Within the historiography, Americans are absent as a force on the black market. This thesis demonstrates that in fact, Americans fulfilled a specific systemic function as suppliers, on and off the market, to the indigenous population. At least in their zone, Americans were largely responsible for supplying the indigenous population with scarce luxuries and necessities.

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